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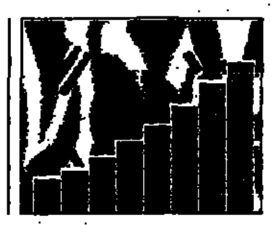
# FINANCIAL TIMES

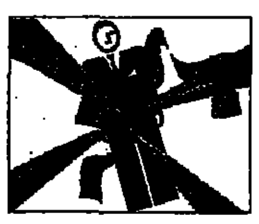
World Business Newspaper http://www.FT.com

FRIDAY APRIL 3 1998


**FT Weekend tomorrow**
**The mother of all tongues: English will spread because the world demands it**



**Korean conglomerates**
**Structured for growth despite recent troubles**
**Management, Page 23**



**Spanish red tape**
**How red tape hinders new business formation**
**Page 2**

**Project Finance**
Asian crisis takes a heavy toll
**Survey, Pages 9-12**

**Mastering Global Business**
Around the world in 10 weeks
PART 10: the series ends TODAY in a separate tabloid section

# Challenge to German Emu entry thrown out by court

By Peter Norman in Bonn

The last potential barrier to German membership of the European single currency fell yesterday when the constitutional court in Karlsruhe unanimously *rejected two complaints against* the euro as "clearly unfounded".

Economic and monetary union was boosted further some hours later when all mainstream government and opposition parties in the Bundestag, the German lower house of parliament, approved legislation to smooth the euro's introduction planned for January 1 next year.

Helmut Kohl, the German chancellor, signalled that the euro would be a central part of his campaign for re-election on September 27. In a statement to parliament, he threw government support behind a broad Emu with 11 member states and launched an attack on Gerhard Schröder, the opposition Social Democratic Party candidate for chancellor, for describing Emu as a "sickly premature baby".

In an upbeat and confident speech, the chancellor accused Mr Schröder, who was absent from the chamber, of "cheap populism and scaremongering".

Emu was the most important step for Germany since reunification in 1990 and the most fundamental change in continental Europe since communism's collapse, Mr Kohl said. It would give *a new quality to European integration* and create "a great opportunity for a new sustained economic dynamism, lasting growth and jobs with a secure future in the 21st century".

The constitutional court ruled that membership of Emu was compatible with Germany's constitution and that the 1992 Maastricht Treaty on Emu had given the government and parliament scope for judgment over its terms. It concluded that individuals, such as four professors who lodged a well-publicised appeal against the euro in January, had no right to a constitutional court review of Emu. The court also rejected the professors' plea for an injunction to halt its start next year.

The decision means the court will not consider other outstanding suits filed against the single currency.

Only the former communist Party of Democratic Socialism (PDS) voted against the euro in yesterday's Bundestag debate.

But Oskar Lafontaine, the SPD leader, warned that monetary union alone would not create jobs. He called for a common economic and financial policy in the member states that would combat mass unemployment and lead to non-inflationary and environmentally friendly growth and a high level of social protection.

Wolfgang Schäuble, leader of Mr Kohl's Christian Democratic Union in the Bundestag and the chancellor's designated successor, underlined the need for deregulation, decentralisation and subsidiarity, by which decisions in Europe are taken as near to local level as possible.

Sterling strength defended, Page 8
Editorial Comment, Page 15

German chancellor Helmut Kohl (front) shares a laugh with chancellery minister Friederich Bohl after delivering a statement in the parliament in Bonn in which he attacked his rival's stance on Emu. Picture AP

# VW seeks to trump BMW bid for R-R Motors

By Graham Bowley in Frankfurt, and John Griffiths and Roger Taylor in London

Volkswagen, the German carmaker, has put in a new offer for Rolls-Royce Motor Cars in an attempt to snatch control of the UK luxury carmaker away from BMW.

VW announced last night that it had sent the improved bid to Vickers, the engineering group which owns *Rolls-Royce*, on Monday morning. The bid is also believed to include an offer for Cosworth, the engine manufacturer owned by Vickers.

The move could reopen the race for Rolls-Royce, even though Vickers announced on Monday that it had agreed a sale to BMW for £340m. The deal has to be approved by Vickers shareholders.

VW acknowledged that Vickers was now in exclusive negotiations with BMW. But VW hopes that its higher bid will persuade Vickers shareholders to reject BMW's offer. "We will wait for a month and then see," VW said.

VW refused to give details about the size of the bid, except that it was an improvement on its initial offer.

Vickers acknowledged last night that it had received a new offer from VW through the German group's bankers, Morgan Stanley. Insiders at Vickers and Lazard Brothers, handling the sale on the UK group's behalf, would not comment on the bid except to indicate that it remained substantially below £400m, excluding any payment for Cosworth.

One of the most attractive features of the revised VW offer is the removal of any conditions.

In its original offer, VW had asked for clauses in the sales contract to allow for the price to be adjusted in the event of difficulties with either BMW or Rolls-Royce, the aero engine company which formerly owned the motor car business.

BMW supplies engines for the new Silver Seraph model. However Bernd Pischetsrieder, BMW chief executive, who is visiting the Rolls-Royce plant at Crewe today, has threatened to halt the supply of engines if VW buys the company.

# France delays battle taxi contract

By Roger Taylor in London and Ralph Atkins in Bonn

The long awaited announcement of the winners of one of Europe's largest defence projects was thrown into confusion yesterday after a last minute intervention by the French government.

Germany, France and the UK were due to reveal yesterday who had won the tender to build the battlefield taxi, a contract with potential orders of up to £6bn ($10bn). However, the press conference was cancelled at the last minute after a diplomatic row between the French and their UK and German counterparts.

A consortium comprising of two German companies, Krauss-Maffei and Rheinmetall, together with GKN of the UK, is widely known to have won the business. However celebrations were put on hold after the French complained that their bid did not provide enough work for GIAT, the leading French armoured vehicle builder.

The French government has now asked for a two-week delay to renegotiate the contract and to provide more work for French businesses.

The hold-up is not expected to change the outcome of the bid. The winning consortium will almost certainly try to offer GIAT enough work to defuse the argument.

The UK Ministry of Defence said: "The delay is not due to a disagreement about the outcome of the tender. It is a diplomatic issue."

This is not the first controversy over the battlefield taxi contract.

The losing consortium, which includes Henschel of Germany and Vickers and Alvis of the UK, has been fighting a strong rear-guard action to try to reverse the decision because the winning bid included plans for an eight-wheeled vehicle while the original specification had asked for only six wheels.

Some observers say the decision has been partly motivated by German political desire to position Krauss-Maffei at the heart of the consolidation of the European land systems defence industry.

The award of the contract will take away one of the hurdles to consolidation.

Earlier this year, talks between Vickers and GKN about merging their defence businesses were called off partly because of the difficulty of valuing the businesses before either side knew which of them had won the contract.

Lex, Page 16

# BAT chief warns US tobacco groups could go bankrupt

By Richard Tomkins in New York

The head of one of the three big US tobacco manufacturers yesterday said his own company's US operations, and those of the other manufacturers, would go bankrupt under legislation being considered by Congress.

Martin Broughton, chief executive of BAT Industries, the British insurance and tobacco group, said he doubted whether BAT's US subsidiary, Brown & Williamson Tobacco, would last more than a few years under the proposed *legislation*.

But it would not be the first US tobacco company to go bankrupt, he predicted. That would be R.J. Reynolds Tobacco, part of the RJR Nabisco tobacco and food group, which is still heavily laden with debt after a leveraged buy-out in the 1980s.

*"Under this proposal, I would* think that RJR's US domestic business has a short life span, and I am not sure ours would survive many years thereafter," Mr Broughton said.

That would leave Philip Morris, by far the biggest US cigarette maker, with a monopoly, Mr Broughton *said: but Philip Morris* would eventually go under, too.

Mr Broughton is the first tobacco executive to have spoken out about the tobacco settlement since Congress began considering it. *His* comments followed the Senate commerce committee's approval of draft legislation that would impose heavy financial penalties on the tobacco industry without giving it the legal protections it had sought.

Mr Broughton said the legislation was an invitation to "sign up to suicide", and the industry would no longer co-operate with it. "If this is all that's on the table, forget it. Not interested. End of story," he said.

Last year the tobacco industry struck a deal with state attorneys-general *under which it* agreed to pay out $368.5bn over 25 years and accept heavy advertising restrictions in return for immunity from big lawsuits and punitive damages awards.

But on Wednesday the Senate commerce committee voted 19-1 for legislation to increase the *penalties to in excess of $600bn* over 25 years and require acceptance of other restrictions, without giving the legal immunities they had sought.

Mr Broughton said the weight of the financial penalties, combined with manufacturers' continued exposure to litigation, meant that the industry was unlikely to survive.

Page 8
Editorial Comment, Page 15
Lex, Page 16

## WORLD NEWS

### Ex-minister Papon given 10-year term for deporting Jews under Nazi regime

A French court sentenced Maurice Papon, 87, a former Gaullist finance minister, to 10 years in prison for helping deport Jews during the Nazi occupation of France. But the jury rejected a charge of complicity in the subsequent deaths of the Jews in concentration camps. **Page 2**

**Starr pushes on against Clinton**
Independent prosecutor Kenneth Starr said he was determined to pursue his inquiry into allegations that President Clinton committed perjury over an affair with a White House intern, despite collapse of the sexual harassment case that was the source of the charges. **Page 4**

**Sony chief's fears for Japan**
The Japanese economy is on the verge of a collapse that could cause a worldwide recession if Japanese policy makers do not act quickly, Norio Ohga, chairman and chief executive of Sony, warned yesterday. **Page 16 and Lex**

**Irish PM takes stand**
Ireland's prime minister, Bertie Ahern, said he would make no more compromises, raising fresh doubts on whether the UK and Irish governments can agree a common position in Northern Ireland talks by Thursday's deadline. **Weight of history, Page 8; Editorial Comment, Page 15**

**Jail sentence for Le Pen**
Jean-Marie Le Pen, leader of the extreme right National Front in France, was barred from public *office for two years and sentenced* to three months' imprisonment for inciting violence. **Page 2**

**Spanish envoy to Cuba**
Spain normalised its diplomatic ties with Cuba with the appointment of an ambassador to Havana. The post had been vacant for more than a year. **Page 3**

**Vasile to form government**
Radu Vasile, secretary-general of Romania's National Peasants' party, was given 10 days to form a government. He succeeds prime minister Victor Ciorbea, who resigned on Monday. **Page 3**

**China reaffirms WTO plans**
China sought to reassure western governments that the recent leadership changes and the drive to speed domestic economic reform had not diminished its commitment to joining the World Trade Organisation. **Page 16**

**$1.8bn for Nicaragua**
*Government donors to Nicaragua* pledged $1.8bn over three years to help the country tackle poverty and accelerate growth. **Page 3**

**Australian drive against tariffs**
Australia's deputy prime minister, Tim Fischer, vowed to pursue the elimination of farm subsidies and agriculture trade tariffs in Europe and Japan. **Page 7**

**Low voter turnout in Hong Kong**
Hong Kong took an unconvincing first step in maiden post-colonial elections when only 23 per cent of voters turned out to choose an election committee to pick parliamentary legislators. **Page 6**

## BUSINESS NEWS

### Akzo Nobel sets its sights on Courtaulds and world top spot

Akzo Nobel, the Dutch chemicals group, is understood to be planning a bid for Courtaulds of the UK in a move which would make it the world's largest paints company. **Page 17; Lex, Page 16**

**Kao,** the Japanese cosmetics and household products group, is expanding sales of Bioré Pore Pack, its blackhead-removing nose strip that revolutionised the US skin care market, to selected European countries. **Page 19**

**Viag,** the Munich-based industrial conglomerate, said it was in talks *with potential strategic partners for* its loss-making personal computer distribution division. It refused to comment on a reported link-up with Tech Data of Florida. **Page 18**

**Mapfre,** Spain's largest insurance group, saw its overall earnings slip almost 7 per cent last year but said it was counting on strong profit growth from acquisitions in Latin America. **Page 20**

**Skoda Plzen,** the Czech Republic's biggest engineering company, rocked the Czech stock market when its shares fell by 7.8 per cent after it reported preliminary consolidated net losses of Kc1.8bn (*$53m*) for 1997. **Page 18; World stocks, Page 36**

**IMP Group** of Canada is threatening to seize more passenger aircraft owned by Aeroflot unless the Russian airline pays US$6m by today to settle a dispute over the control of a luxury Moscow hotel. **Page 4**

**Générale de Banque** shares rose 5.5 per cent to a record amid intensifying speculation that Belgium's biggest bank is about to announce a tie-up with Fortis, the Belgo-Dutch group. **Page 20; World stocks, Page 36**

**Glaxo Wellcome,** the UK-based pharmaceuticals concern, is fighting a campaign by a group of Spanish wholesale distributors who claim the company is imposing an illegal price system. **Page 7**

**Deutsche Bank** hopes to double operating profits to DM9bn ($4.9bn) in 2001, with much of the improvement to be achieved through restructuring. **Page 17**

**Sabena,** the Belgian airline, is considering moving its pilots' employment contracts to Switzerland to avoid Belgian social security charges and taxes. **Page 17**

**Industrial Bank of Japan,** one of the country's largest and most prestigious, plans to write off Y630bn ($5bn) of problem loans. **Page 17; IBJ Schroder in $20m buy, Page 21**

**Abbey National,** the UK bank, is considering selling its Spanish operations after a run of losses. It said Spain was "very overbanked". **Page 22**

**World Equity Markets**
The latest trends and data from more than 50 national markets at a glance
**Page 36**

## WORLD MARKETS

| | | |
|---|---|---|
| **STOCK MARKET INDICES** | | |
| New York: lunchtime | | |
| Dow Jones Ind Av | 8,918.14 | (+50.82) |
| NASDAQ Composite | 1,853.67 | (+6.01) |
| Europe and Far East | | |
| CAC40 | 3935.88 | (+52.57) |
| DAX | 5176.68 | (+22.45) |
| FTSE 100 | 6052.6 | (+35.2) |
| Nikkei | 15,702.90 | (-538.76) |
| **US LUNCHTIME RATES** | | |
| Federal Funds | 5.56% | |
| 3-mth Treas Bills: Yld | 5.082% | |
| Long Bond | 103⅛ | |
| Yield | 5.878% | |
| **OTHER RATES** | | |
| UK: 3-mo Interbank | 7⅝% | (7½%) |
| UK: 10 yr Gilt | 110.4141 | (109.695) |
| France: 10 yr OAT | 104.30 | (103.99) |
| Germany: 10 yr Bund | 108.08 | (107.817) |
| Japan: 10 yr JGB | 109.30 | (109.54) |
| **NORTH SEA OIL (Argus)** | | |
| Brent Dated | $13.44 | (13.48) |

| | | |
|---|---|---|
| **GOLD** | | |
| New York: Comex (Apr) | $302.2 | (299.5) |
| London: | $302.35 | (301.15) |
| **EXCHANGE RATES** | | |
| Dollar | | |
| New York: lunchtime | | |
| £ | 1.6677 | |
| DM | 1.8517 | |
| FFr | 6.204 | |
| SFr | 1.531 | |
| Y | 133.435 | |
| London: | | |
| £ | 1.6687 | (1.6755) |
| DM | 1.849 | (1.8497) |
| FFr | 6.1955 | (6.1955) |
| SFr | 1.5276 | (1.5301) |
| Y | 133.45 | (133.20) |
| Tokyo Close | | Y 133.20 |
| Sterling | | |
| DM | 3.0854 | (3.0991) |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14
9 770174 738159

CONTENTS

# WORLD NEWS

## EUROPE

# Yeltsin promises to consult on premier

By Chrystia Freeland in Moscow

President Boris Yeltsin made two big concessions to rebellious parliamentarians yesterday as the Kremlin's effort to install Sergei Kiriyenko as the new prime minister ran into unexpectedly stiff opposition.

Mr Yeltsin, who last week threatened to dissolve parliament if it did not approve his candidate, took a softer tone, telling members he would seek their views on the formation of the new cabinet as a whole.

After meeting the speakers of the two houses of parliament, he also moved to delay the legislature's vote on Mr Kiriyenko's nomination, postponing it from today until Wednesday.

Mr Yeltsin's unusually conciliatory stance failed to stop the Communists, the single biggest faction in the Duma, the lower house of parliament, from reiterating their opposition to the inexperienced, 35 year-old prime minister-designate.

Gennady Zyuganov, the Communist leader, said his faction would not support Mr Kiriyenko "in the first, second or third round of voting". Mr Zyuganov's threat intensified the game of brinkmanship between the Kremlin and the normally quiescent Duma.

Mr Yeltsin needs parliament's backing to confirm a new prime minister. But he holds a powerful political weapon as well: if it rejects his choice three times, he has the right to dissolve it and call new elections.

The next test for Mr Kiriyenko is expected to come today, when the former fuel and energy minister has been asked to present his economic programme to the Duma. He is being pressed by parliament to name his cabinet, but Mr Kiriyenko said he would refuse to do so until he has been confirmed.

Next Tuesday, Mr Yeltsin has promised to hold "round table" consultations with Russia's leading political parties, soliciting their views about Mr Kiriyenko and the new cabinet as a whole.

The political uncertainty in Moscow has renewed the struggle between rival political and financial clans for control of Russia's most valuable assets.

One of the most intense battles is being fought over Rosneft, the largest oil company still to be privatised. Yesterday Vagit Alekperov, the influential president of Lukoil, joined the chorus of Russian industrialists lobbying the government to lower its starting price for the auction of the company.

According to the Russian agency Interfax, Mr Alekperov warned that unless the government lowered its price, it risked ending up without any buyers. It has set a starting price of $2.1bn for 75 per cent of the company.

His warning is part of a concerted bid by Russia's tycoons to force the state to bring down the price by collectively agreeing not to participate on the current terms.

Instability at the highest levels of government has also reignited the fight over Unified Energy Systems (UES), the national utility. Government officials yesterday voted to withdraw their nomination of Anatoly Chubais, the former first deputy prime minister, to join the board of directors.

It is still unclear whether Mr Chubais will be made chief executive officer of UES and his allies are waging a fierce campaign to win the post for him.

# Greek reforms prompt strikes

By Kerin Hope in Athens

Greece's confederation of trade unions organised a three-hour work stoppage at utilities and state enterprises yesterday in support of workers at Olympic Airways who are contesting the Socialist government's rescue plan.

The government faces the prospect of wider unrest in the public sector if the crisis over the loss-making state carrier is prolonged. Costas Simitis, the prime minister, agreed last month to implement sweeping reforms at utilities and state-controlled corporations as the price of the drachma's entry to Europe's exchange rate mechanism.

Mr Simitis appears to have rallied the cabinet behind him, but he faces opposition from a group of leftwing deputies in his party who have submitted written objections to the transport ministry's restructuring plan for the airline.

The work stoppage, timed to coincide with the evening rush hour, shut down state-owned broadcasting services and public transport in Athens. The state electricity utility, struggling to repair transmission systems wrecked last week by storms and high winds, warned of possible power cuts.

More than a dozen flights were cancelled after Olympic's militant cabin crew union broke ranks and staged a separate work stoppage in the morning.

The airline's 17 unions have tried to avoid angering public opinion by operating normal flight schedules as far as possible during the two-week confrontation with the government.

Vasso Papandreou, the powerful development minister, who has a record of opposing Mr Simitis and his modernising faction, made a television appeal to Olympic's 7,000 workers to agree to the rescue plan before the tourist season gets under way later this month.

The restructuring calls for a three-year wage freeze and cuts in benefits. Several hundred senior staff members have submitted their resignations rather than accept the collective wage agreement and working conditions which the government intends to push through parliament next week.

Government officials say they are prepared for a long drawn-out battle with Olympic, partly because other local and foreign carriers would be able to take over domestic and international routes if the unions opt for a long strike.

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WAR CRIMES EX-MINISTER STAYS FREE PENDING CHALLENGE TO 10-YEAR SENTENCE FOR HELPING DEPORT JEWS

# Papon appeals against jailing

By Robert Graham in Paris

In France's first and only war crimes trial of a bureaucrat in the collaborationist Vichy government, Maurice Papon, 87, a former Gaullist finance minister, was sentenced yesterday to 10 years in prison for helping deport Jews during the Nazi occupation of France.

But the jury in the Bordeaux court rejected the more serious charge of complicity in the Jews' subsequent deaths in concentration camps.

Mr Papon's lawyers immediately challenged the sentence, and he will remain free until his case is heard by an appeals court – a process that could last more than a year.

The verdict followed 18 hours of continuous deliberation by a nine-person jury aided by two magistrates and Jean-Louis Catagnède, the judge who presided over the six-month trial.

Representatives of the more than 1,500 persons deported from the Bordeaux area while Mr Papon was a Vichy official expressed muted satisfaction. "We are relieved but there's no sense of triumph," said Michel Slitinsky, a Jewish member of the Bordeaux resistance who 17 years ago helped spark the case against Mr Papon.

Speaking on behalf of several families who brought a civil action against Mr Papon, Gérard Boulanger said: "This is a victory for the victims. But if the court rejected his complicity in murder, this does not recognise the real role played by the Vichy regime – this leaves an unfinished taste."

The state prosecution had sought a 20-year sentence for Mr Papon's involvement in the deportation in eight convoys of 1,560 Jews, of whom 223 were children. The jury found he had no responsibility for half the convoys.

More importantly, in rejecting the charge of complicity in the deportees' murder, the court implicitly accepted he had no knowledge of their fate in Hitler's concentration camps.

This was a central issue in the trial. But the prosecution failed to convince the court that important regional Vichy officials were aware of Hitler's genocide plans, even though France had introduced anti-Semitic laws.

Maurice Papon leaves court after sentencing yesterday Reuters

Mr Papon's case was helped by a string of former members of the resistance who said that even General Charles de Gaulle, leading the Free French forces in London, was unaware of the Holocaust's extent.

The court managed to pin individual responsibility on Mr Papon for his opportunism in siding with the Vichy administration. Nevertheless the prosecution's case in numerous public opinion polls was weakened because no other Vichy officials had been brought to account in this way, even though thousands had collaborated.

In this sense Mr Papon was in the dock as a symbol of the puppet regime.

Arno Klarsfeld, the most flamboyant lawyer representing the deportees' families, realised from the outset it was a mistake to try to brand Mr Papon as "an assassin" for his role in the deportations.

Instead, he argued that a special moral and material responsibility should be applied to bureaucrats in a regime such as Vichy.

They were guilty of crimes against humanity because, by "giving way on small issues", they were eventually pushed to make compromises that obliged them to choose between good and evil.

The jury appeared to accept the argument, and this could establish the most important legal precedent from the Papon affair.

The trial singularly failed to clarify Mr Papon's role in the latter part of the German occupation when he began to hedge his bets by aiding the resistance.

It also sidestepped the issue of how and why General de Gaulle agreed to promote in the post-war period people such as Mr Papon, whose functions in the Vichy administration were no secret.

BANKING WORRIES OVER CLASSIFIED LOAN FIGURES

# Czechs may face loan problem

By Joe Cook in Prague

The volume of classified loans in the Czech Republic's banking sector rose by 5 per cent last year to Kč270.1bn ($8bn), or 27 per cent of outstanding loans, according to the Czech National Bank (CNB).

On a risk-weighted basis, however, the volume of classified loans stood at Kč174bn, or 17.4 per cent of outstanding loans. Classified loans are ones on which neither interest nor principal has been paid for 30 days or more.

Against that, the CNB reports that banks held cash reserves and loan loss provisions of Kč95.2bn, as well as Kč78.9bn of collateral against risk-weighted classified loans. According to these figures, the Czech banking system appears to have a provisioning shortfall of a manageable Kč200m.

Some economists, however, argue that the CNB's figures do not fully portray the size of the banking industry's bad loan portfolio. They argue that a more transparent and accurate measure of Czech banking's bad loan mountain can be gained by looking at the consolidated banking system.

This would include Konsolidacni Banka, a finance ministry bank set up to relieve banks of poor assets, two other state vehicles that cater for bad bank loans, and several banks currently under forced administration.

Using statistics compiled by the CNB in September 1997, and by applying three different risk-scenarios to them, an economist with a major western investment bank calculates that the consolidated banking system is under-provisioned by anything between Kč35.1bn and Kč249bn, equal to 2 per cent and 14.9 per cent of GDP respectively.

These readings are based on figures that put the volume of classified loans in the consolidated banking system at Kč372.4bn. The volume of risk-weighted classified loans stood at Kč254.6bn.

Consolidated cash reserves and provisions were Kč123.4bn, and the declared value of collateral held against classified loans was Kč156.9bn. Martin Svehla, the CNB's spokesman, yesterday confirmed that these figures were correct as of September 1977.

The lower figure of Kč35.2bn is arrived at by subtracting cash reserves and provisions, and the declared value of collateral, from the risk-weighted volume of classified loans. "This assumes two things," the economist said, "that the collateral has been correctly valued, and that all risk weighted loss loans are recoverable."

● President Vaclav Havel yesterday set June 19-20 as dates for early parliamentary elections, AP reports from Prague.

Czech politics have been stalemated since June 1996, when the then prime minister, Vaclav Klaus, and his centre-right coalition missed winning a parliamentary majority by just one seat.

Mr Klaus was removed last December in a party finance scandal.

# Le Pen barred from office

By Robert Graham

Jean-Marie Le Pen, leader of the extreme right National Front, was yesterday barred from public office for two years and sentenced to three months' imprisonment for provoking violence during a political meeting last year.

The sentence, handed down by a Versailles court, comes at a time when several important moderate rightwing politicians have begun to forge controversial alliances with the National Front to ensure control of regional administrations.

These alliances have caused a serious split within the Gaullist RPR and the liberal UDF, while forcing all the main political parties to close ranks to marginalise the National Front.

Mr Le Pen was brought to court for incidents during last May's general election campaign. Supporting his daughter, Marie-Caroline, who was a candidate, Mr Le Pen became involved in a violent altercation with Annette Peulvast-Bergeal, a Socialist candidate who is now a deputy.

The ruling may prevent Mr Le Pen standing for re-election in next year's European Parliament elections and could force him out of office as a regional councillor.

Mr Le Pen has always painted himself as a victim of a political vendetta by the establishment to undermine the Front's growing success among the electorate.

The party now takes over 15 per cent of the vote. In the March 15 regional elections, it proved it was a vital ally to the moderate right in seven regions.

Since then, the moderate right in all but three regions have renounced their ruling alliances with the Front after strong pressure from party leaders and President Jacques Chirac.

It remains to be seen whether Bruno Megret, the Front number two, who is regarded as the more "reasonable face" of the party, will take advantage of Mr Le Pen's judicial problems to assert himself.

# Climbing Spain's paper mountains

Entrepreneurs must spend weeks breaking through red tape, reports **David White**

José Manuel Garcia, a 30-year-old from a town outside Madrid, started his first business venture this year, aiming to cash in on Spaniards' appetite for information about the euro. He would have begun last December if it were not for the legal paperwork, which took six weeks.

And that is for a one-man business, operating from his own flat with a computer. For new ventures involving staff or building work, there are more compulsory stops on the way.

In a report this week, the Paris-based Organisation for Economic Co-operation and Development blamed Spanish red tape as one of the most obvious impediments to entrepreneurs.

"Setting up a new business in Spain appears to be a more cumbersome process than in other European countries," it said, noting that enterprises had to go through at least 13 or 14 separate steps before starting up, and five more if they wanted their businesses to be incorporated.

It estimated that all this could take between 19 and 28 weeks, to achieve something that in the US could be done in "around half a day".

The list of bureaucratic hurdles can be found on the economy and finance ministry's website (www.mcx.es/pyme/). The would-be entrepreneur has to provide documents for the local town hall, the regional government's industrial register, the property register, the social security office, the finance ministry office, and either the ministry of labour or regional labour authorities, depending on the region.

Each application requires between three and 10 separate pieces of documentation, with some forms required in duplicate, triplicate or quadruplicate.

First comes the municipal works licence. If the works are minor, six or seven documents are needed, including plans and a detailed budget. Another three are required, including a colour photograph, if the facade of a building is to be changed. For bigger works, the projects need the stamp of a recognised professional body.

Another municipal licence is needed for opening the business – again, six to eight documents, as long as the business is devoted to "innocuous activities", i.e. not classified as "nuisance-causing, insalubrious, noxious or dangerous". Businesses involving machinery or a potential nuisance, or exceeding local size limits, require several more.

The necessary documents include a photocopy showing that the company has registered for tax on economic activities. This has to be done at the finance ministry office, although payment is made through the town hall.

There are three forms to fill in for this tax, one for the municipality, one for the province to which it belongs, and one for the company census. Before being registered in the census, however, you need another photocopy of the tax registration, as well as a copy of the company's deeds and its tax identification code.

Any new industry, relocation, expansion, modification, change of ownership or change or cessation of activity has be notified to the regional industrial register. This involves a duplicate application and seven documents, including details of electrical installations and sanitary conditions.

After a month, if nothing is heard from the regional authorities, "it will be understood that there is no objection to the execution of the project". However, "this in no case implies technical approval by the administration".

At the labour office, applicants need to buy, and have stamped, a book for registering the employees they hire (one for each site), another to keep a record of visits by labour inspectors, and a calendar of working days which "must be put up in a visible position in the workplace".

A new company has also, of course, to register its name, and for that purpose has to put forward three alternatives.

The rules have created a large business for notaries, advisers and professional fixers.

Ignácio Domingo, managing director of a new electronics venture in Madrid, warns that a small company can also have difficulties meeting all the declaration requirements once it has started operations. "The problem is not so much at the beginning as all the bureaucracy that comes afterwards."

## NEWS DIGEST

FRANCO-US AIR TALKS

### Progress seen on new bilateral treaty

The US and French governments were said to be making good progress yesterday in talks aimed at securing a new bilateral treaty on air transport. They are understood to have agreed on almost all outstanding issues regarding passenger travel, leaving the way clear to concentrate on cargo transport.

The talks in Paris are scheduled to end today. If necessary, a further round is likely either later this month or in early May. A new treaty would let Air France begin code sharing with Delta Air Lines and Continental Airlines, its US allies. It would replace a 1992 accord that was ended by Paris.

On passenger transport, the two sides are said to have agreed on a five-year transition period ahead of a move to what Americans would characterise as an "open skies" regime on transatlantic routes. Over this period, the two camps would be able to add extra flights at an agreed rate. For the US, this is expected to mean that up to 63 weekly frequencies could be added to the current total of 148.

France is thought likely to be given clearance to climb from 79 to 148 frequencies with immediate effect, with a further 63 able to be added over the five years. **David Owen, Paris**

NATO'S NEW MEMBERS

### Restraint urged on arms groups

Nato should restrain its arms manufacturers from pressing new east European alliance members into expensive weapons purchases that could endanger their economic stability, the UK parliament's defence committee warned yesterday.

Bruce George, the committee chairman, conceded that asking defence companies not to try to "suck these countries into high-cost procurement" was "like telling lions not to go hunting". But he argued that while the Czech Republic, Hungary and Poland – due to join Nato next year – needed to improve their communications with the rest of the alliance, they did not require sophisticated air forces. They have, however, been heavily lobbied by US aircraft companies.

In its report on Nato enlargement, the UK committee said the admission of the three countries was "excellent value for money". The cost to the UK of the increase in Nato's common budget is put at $110m over 10 years, or the equivalent of one quarter of a Eurofighter a year. But the committee refused to endorse any automatic admission of other countries. **David Buchan, London**

GERMAN PUBLIC SECTOR

### Unions accept 1.5% rise

German unions yesterday accepted a pay deal by the Bonn government which awards 3.2m public sector workers a 1.5 per cent pay rise this year. The agreement brings to an end acrimonious and long-running negotiations which have erupted in nationwide strikes and demonstrations.

The large OTV and DAG unions voted unanimously to accept the offer, which was based on proposals drawn up after mediators stepped in last week to help broker a deal when earlier talks collapsed. The agreement falls short of unions' original demands for a 4.5 per cent increase, but it is ahead of the government's initial offer of a 1 per cent rise.

Unions also won concessions to bring the wages of about 900,000 public sector workers in east Germany closer to pay levels in the west. The deal leaves sick pay untouched, but Christmas bonuses are frozen at the 1993 level. Workers are also required to begin contributing to pension plans from next year. Currently the plans are solely financed by employers. **Graham Bowley, Frankfurt**

SWEDISH POLITICS

### Centre party chief quits

Olof Johansson, the leader of Sweden's Centre party, announced his resignation yesterday just six months before parliamentary elections. Mr Johansson, who has been party leader for more than 10 years, declined to comment on whether his departure would jeopardise the party's informal alliance with the minority Social Democrat government. Support from the Centre party has enabled the government to push through its budget policies and to order the decommissioning of Sweden's 12 nuclear reactors.

Mr Johanesson, as party leader, has also urged the government to remain outside European economic and monetary union. Last year, the government announced that Sweden would not take part in the euro's launch in 1999, arguing that there was insufficient public support for the single currency. In next September's elections, the support of the Centre party could prove crucial for both the Social Democrats and the opposition Moderate party. A leadership election to select a successor is expected in June. **Tim Burt, Stockholm**

POLISH COPPER

### Strike action may spread

Industrial action at KGHM, Poland's listed copper producer which accounts for 3.5 per cent of world production, threatened to spread yesterday as talks with management broke down at the combine's largest mine. Workers at KGHM's two other pits voted in a strike ballot, whose results are due today. The strikers want management to modify a restructuring policy which centres on transferring several thousand of KGHM's 20,000 employees to less well-paid jobs in company-owned subsidiaries.

KGHM management said the stoppage at the Rudna mine is illegal and is threatening to initiate legal proceedings against the Solidarity trade union-led strike committee at the mine. The 61-strong strike committee said yesterday that it would not permit iron ore to be transported out of Rudna's mine shafts, while the miners themselves declared that they were ready to work. **Christopher Bobinski, Warsaw**

LATVIAN ATTACK

### Riga synagogue bombed

A synagogue in the historic old town of Riga, Latvia's capital, was damaged early yesterday in a bomb attack, which shattered windows and damaged doors. Guntis Ulmanis, Latvia's president, and Guntars Krasts, prime minister, condemned the attack. "The president categorically condemns the act of vandalism…and unequivocally rejects any sort of violence," Mr Ulmanis's office said.

The same synagogue was bombed in 1996. A madman was later arrested in connection with that incident. A few months ago, the synagogue was defaced with a swastika. The act was attributed to an underground anti-Semitic nationalist organisation called Perkonkrusts, or Thundercross.

Touring the site, US ambassador Larry Napper condemned the attack and said the US government would send forensic experts from the Federal Bureau of Investigation to help in the inquiry. The bombing is a further blow to Latvia's international image, recently dented after a reunion of Latvian Waffen SS veterans in the centre of Riga was attended by the head of Latvia's armed forces and several members of parliament. Latvia's president and government dissociated themselves from that event. **Matej Vipotnik, Riga**

# Yilmaz gives in to coalition partner's call for early poll

By Kelly Couturier in Ankara

Turkey's prime minister, Mesut Yilmaz, said yesterday that his minority government, bruised in a recent confrontation with the military, would seek early elections some time in 1999, a year earlier than scheduled.

His announcement followed a call for early polls from a leftwing party that lends vital support to his coalition. The Republican People's party leader, Deniz Baykal, had threatened to withdraw his support unless a date for early elections was set.

However, Mr Yilmaz ruled out elections before next year, saying: "An election before next year would not be helpful as our government is currently handling several important problems, including the Cyprus question, economic reforms and the fight against religious radicalism."

The nine-month-old government – an unwieldy grouping of Mr Yilmaz's Motherland Party, the small leftwing Democratic Left Party and the small centrist Democratic Turkey party – eased the recent tension with military leaders when it agreed last week to implement new measures sought by the army to counter Islamic radicalism.

Those measures include legislation to make it easier to fire civil servants with known ties to radical Islamist movements and stricter penalties for those violating secular dress codes.

Mr Baykal had earlier agreed to back the government in its efforts to pass legislation necessary to implement those anti-fundamentalist measures, as well as reforms of the tax code and social security administrations and other measures included in the government's economic "stability programme".

The government needs the Republican People's party's 54 seats for a majority in the 550-seat parliament. Mr Baykal, in his call this week for early elections, was quoted as saying there was a need for "democratic renovation" of the government structure.

The military, guarantors of Turkey's secular foundations, has exercised extraordinary influence over day-to-day government business since last year, when it began its struggle to fight religious radicalism, which it says is the nation's top domestic threat.

Analysts said the military opposes early polls as long as the secular mainstream centre-left and centre-right parties remain fragmented.

That fragmentation of the main secular parties has helped Turkey's political Islamic movement, now represented by the Virtue party after the dissolution earlier this year of the Islamist Welfare party for anti-secular activities. Virtue is currently the strongest party in parliament, with 142 seats. Motherland is second with 139 seats.

# Yugoslav devaluation angers Montenegro

By Guy Dinmore in Belgrade

Yugoslavia's sharp devaluation of the dinar has had immediate repercussions across the border in Bosnia and further strained relations with the reformist government in Montenegro, partner with Serbia in the Yugoslav federation.

Officials representing the international community in Sarajevo yesterday welcomed an announcement by Milorad Dodik, the pro-western Bosnian Serb prime minister, that the D-Mark would become an official currency, with the dinar, in the Serb-controlled half of Bosnia.

Western officials said Mr Dodik's decision demonstrated that his government was distancing itself from the Yugoslav government in Belgrade and paving the way for the introduction of a new single Bosnian currency, the "convertible marka", which is pegged at parity to the D-Mark.

Shortly after Belgrade devalued the dinar by 45 per cent on Wednesday, Mr Dodik said his administration wanted to shield Bosnian Serbs from the inflationary impact. All wages of civil servants would be paid in D-Marks.

Four different currencies are used by Bosnia's still divided communities – the D-Mark, the Croatian kuna, the Yugoslav dinar and the Bosnian dinar used in Moslem-controlled areas. Western governments see the introduction of a single currency as a key step towards building a functioning state.

The convertible marka, officially described as a "coupon", is being printed in France and should be in circulation next month. In Banja Luka, the main Serb-held city, shopkeepers yesterday displayed prices in German D-Marks as well as convertible marka.

Officials in Belgrade fear an influx of dinars from Bosnia into Serbia that would undermine efforts to stabilise the weakened dinar at the new rate of six to DM1. The previous fixed rate was 3.3.

The devaluation drew an angry response from Montenegro's prime minister, Filip Vujanovic, who said his government had not agreed to the devaluation, which was decided at the federal Yugoslav level.

# Spain heals its rift with Cuba

By David White in Madrid

Spain normalised its diplomatic ties with Cuba yesterday with the appointment of a new ambassador to Havana, filling a post that had stayed vacant for almost a year and a half.

The normalisation of relations is due to be marked by a visit to Madrid early next week by Roberto Robaina, the Cuban foreign minister. It is expected to pave the way for a long-mooted trip to Cuba by King Juan Carlos, marking 100 years since the end of Spanish colonial rule.

The initiative is aimed at defusing the most contested aspect of the centre-right Spanish government's foreign policy since it took power in 1996. A tougher political stance towards Cuba's communist government led to a crisis in November 1996, plunging relations between Spain and its former colony to their lowest level since the early days of President Fidel Castro's rule.

Differences came to a head when Cuba withdrew its approval for a newly nominated Spanish ambassador, complaining of "unacceptable interference" in its domestic affairs. The rejected envoy, José Codserch, had said in a Spanish newspaper that the embassy in Havana would keep its doors open to dialogue with the Cuban opposition.

The new appointee, Eduardo Junco, is a career diplomat who has long experience in consular affairs and who was previously ambassador in Zaire and Ukraine.

The appointment was greeted with relief by Spanish businessmen involved in Cuba, where Spain ranks as the largest European investor, with an important role in the tourism industry.

Spain last year increased its exports to Cuba by almost 18 per cent to Pta69.4bn ($450m), well ahead of other European Union suppliers.

# Romania banks on EBRD to smooth the privatisation process

**Anatol Lieven** examines the progress so far on the effort to sell off part of the country's banking sector

The European Bank for Reconstruction and Development may take stakes in three Romanian banks to help smooth the much-delayed bank privatisation process.

Henry Russell, head of the EBRD's office in Bucharest, said discussions were advanced on the EBRD entering into a loan-for-shares agreement with Bancpost, the first bank on the list to be privatised.

The International Monetary Fund and the World Bank have made bank privatisation a condition of further lending to Romania.

"The EBRD has been very active in all the east European banking sectors," said Mr Russell, "and we are confident that we can play a useful role in Romania."

The six Romanian state banks still account for about 70 per cent of Romania's banking assets and deposits.

International advisers have been appointed for the sale of 51 per cent of the shares in Bancpost and the Romanian Development Bank (BRD), the second bank on the list for privatisation. A consortium led by ABN-Amro, the Dutch bank, is to advise Bancpost, and one led by Nomura is to help the BRD. Romanian officials say both will be sold by the end of the year.

No advisers have been chosen yet for the much bigger agricultural bank, Banca Agricola, and its privatisation is not expected until early next year at best. Bank privatisation, like most other areas of reform, has been delayed by the political crisis which struck the Romanian coalition in the first three months of this year.

Under the previous administration of President Ion Iliescu, the larger state banks greatly overextended their loan portfolios. Banca Agricola, for example, was pressured by the then government into making massive loans to loss-making state farms in advance of the 1996 presidential elections.

Corruption has also been a problem. Last year, Razvan Temesan, the head of the biggest state bank, Bancorex, was dismissed and arrested on charges of embezzlement and making illegal loans.

Last autumn, the government issued almost $1bn of five-year state bonds to cover bad debts to Banca Agricola and Bancorex from state farms and the state oil company. By IMF estimates the interest payments will amount to around 1.7 per cent of gross domestic product this year. And as a western diplomat commented, "this being Romania, there are almost certainly more serious debts that have been swept under the carpet".

Bancpost and the BRD, however, are believed to have the cleanest loan portfolios and the strongest management teams of any of the state banks. The EBRD has lent $50m to the BRD under a sovereign guarantee. Mr Russell said that this was justified by the "very positive" impression given by the bank's management.

Mr Russell emphasised the need for the Romanian banks to attract genuine foreign strategic investors. "The privatisation ministry has recently been stressing sale through the capital markets. This is viable for some companies, but probably not for the banks, given Romania's dearth of real credit and management skills. We think it best if these banks get strategic investors, with international scope and technical expertise," he said.

Some western observers fear, however, that Bancpost and the BRD may be too small to attract big international players, while the bigger banks may be seen as too much of a risk.

"We don't know of anyone who has expressed a real interest as yet," said one western diplomat. "Any buyer would have to put an immense amount into training and re-equipment, and frankly, with the Romanian economy and reform process in their present state, I'm not sure that potential western buyers would think it's worth their while."

The government and the ruling coalition are also divided on whether the banks should be sold to foreign strategic investors at all, or whether any foreign investment should be split up into smaller packets, with management remaining firmly in Romanian hands.

Last year, there was strong pressure from some of the partners in the governing coalition to divide up control of the banks along party lines. This was blocked by Victor Ciorbea, the former prime minister, but the government parties' inability to reach agreement meant that all the managers of the state banks except Banca Agricola are only acting managers. Not coincidentally, Banca Agricola is the only bank to have started a full-scale restructuring programme, and shed 1,500 of its 12,000 staff last year.

In the view of a senior international banker, the political struggle to keep control of the banks is likely to continue whatever the outcome of the current impasse: "Politics is based on money and power, and that makes bankers powerful people in politics."

## National Peasants' party chief Vasile becomes prime minister

Radu Vasile, secretary-general of Romania's National Peasants' party, was yesterday given 10 days by President Emil Constantinescu to form a new government, writes **Kevin Done, East Europe Correspondent.**

The 55-year-old economist was nominated as prime minister to succeed Victor Ciorbea, who was forced to resign on Monday in an attempt to end several months of bitter infighting in the 16-month-old coalition government.

Mr Vasile, pictured right, faces a daunting task to strengthen the reform process and speed privatisation, which have suffered a series of setbacks because of the governing coalition's paralysis and internal divisions.

He is expected to seek to build a government from the same centre-right parties of the former coalition, including the rightwing National Peasants, the largest party in parliament, the Democrats, the National Liberal party and the ethnic Hungarian alliance.

Mr Constantinescu gave Mr Vasile the task of building "a stable and efficient government".

Mr Vasile said that he would initiate tough economic change and stop political interests from interfering with government business.

# Defiant Starr to push on with Clinton perjury probe

By Richard Wolffe in Washington

Kenneth Starr, the independent prosecutor, yesterday said he was determined to pursue his inquiry into allegations that US President Bill Clinton committed perjury over an affair with a White House intern.

Mr Starr insisted his criminal investigations were entirely unaffected by the collapse of the Paula Jones sexual harassment case, which was the source of the perjury charges.

Speaking the day after a US district judge threw out the Paula Jones civil lawsuit, Mr Starr said: "In that civil case, you cannot defile the temple of justice. Rather, you must play by the rules. We all must play by the rules."

"And if you don't play by those rules, if you lie under oath, if you intimidate a witness, if you seek otherwise to obstruct the process of justice, it doesn't matter who wins and who loses in the civil case. What matters from the criminal law's perspective is - were crimes committed?"

A grand jury in Washington is currently hearing accusations that the president lied under oath about an affair with Monica Lewinsky, a former White House intern, and then forced others to cover up in his defence against the Jones case.

Erskine Bowles, the White House chief of staff and Mr Clinton's leading adviser, testified before the grand jury yesterday. Mr Starr promised his inquiry would be completed "as quickly as possible" but his office refused to give any timetable for the case.

His four-year inquiry, which began with allegations over Mr Clinton's Whitewater property deals, has already cost taxpayers $29m, congressional auditors reported earlier this week.

Starr (left) shrugs off dismissal of Jones (right) case AP

Lawyers for Paula Jones, a former Arkansas state employee, are now expected to launch an appeal against the decision by a US district judge to dismiss all the sexual harassment charges in the acrimonious, four-year-old case.

The Rutherford Institute, the rightwing organisation funding Ms Jones's legal costs, promised to back an appeal against the judge's ruling and insisted that it had a strong case which should be heard by a jury.

Less than two months before the trial was due to begin, Judge Susan Webber Wright said there was insufficient evidence Ms Jones had suffered personally or professionally from the alleged incident in a hotel room in Little Rock in 1991, when Mr Clinton was the governor of Arkansas.

In Congress, Republicans are increasingly impatient to see Mr Starr's report on the perjury charges before considering whether to launch proceedings to impeach the president.

Democrat leaders were delighted by the president's court victory. Thomas Daschle, Democrat leader in the Senate, said: "I think the country has been consumed by this for too long. We now can get back to business, and I think there was a huge sigh of relief on the part of people all over this country as a result of the decision."

Meanwhile, Janet Reno, attorney-general, said yesterday she wanted to investigate allegations that David Hale, a key witness in the Whitewater case had links with a rightwing group which publishes the American Spectator magazine.

Clinton off the hook, Page 15

**DOW CORNING** AGREEMENT TO SETTLE CLAIMS OF 10,000 WOMEN IF COURTS CONCUR WITH US$35m DEAL IN CLASS-ACTION SUIT

# Breast implant group in Canadian accord

By Edward Alden in Toronto

Dow Corning Corporation, the US silicone materials company, has agreed to pay out US$35m in a Canadian class-action suit over silicone breast implants, the largest settlement outside the US and the first case to be resolved under the company's proposed bankruptcy reorganisation.

The agreement, announced yesterday, will settle the claims of approximately 10,000 Canadian women who first filed in Ontario courts in 1993, claiming the implants were responsible for a range of connective tissue and immune deficiency diseases. Dow Corning sought Chapter 11 protection from creditors in the US in 1995 when it was faced with more than 170,000 claims worldwide from women fitted with the implants before the product was withdrawn from the market in 1994.

Dow Corning Canada's operations manager John Davis said the settlement "is a significant development in the overall resolution of the breast implants controversy". The company is hoping the settlement will set a precedent for further agreements under its proposal to pay out $3bn over 16 years to settle all domestic and foreign claims.

The company submitted its second amended reorganisation plan to the US bankruptcy court in Michigan on February 17, offering women between $1,000 and $200,000 depending on their medical conditions. Hearings on the proposal begin on April 6. The plan must still be approved by the court and creditors before it is implemented.

Dow Corning, the largest of the four main manufacturers of silicone implants, has maintained that the weight of scientific evidence shows no substantially increased risk of disease from silicone implants, though it has acknowledged the damage in cases where the implants have ruptured. But the company sought bankruptcy protection in the face of a flood of litigation claims.

Charles Wright, a lawyer involved in the negotiations on behalf of claimants in Ontario, said that payments to the women affected could begin in as little as 18 months. The settlement must still be approved by courts in Quebec and Ontario, and by the US bankruptcy court.

Two other Canadian class-action suits against other manufacturers have already been resolved. Bristol-Myers Squibb agreed to pay out $20.5m in 1995, and an Ontario court on Monday approved a settlement in which Baxter Healthcare will pay between $9m and $15m. In the deal with Bristol-Myers Squibb, individual payments ranged from C$3,000 to C$60,000 (US$2,125-US$42,500). The Dow Corning payments will depend on the number of women who apply and the nature of their medical conditions.

Dow Corning – equally owned by the Dow Chemical Company and Corning – faces about 700,000 to 800,000 claims world-wide related to all silicone implants, not just breast implants.



# Latin American trade link-up wins support

By Stephen Fidler, Latin America Editor

Popular support for economic integration in Latin America grew significantly last year, according to a regional opinion poll published this week.

The poll comes ahead of this month's summit of the Americas in Santiago, when negotiations are expected to be launched for a free trade area for the Americas.

The poll of more than 17,000 people in 17 countries, carried out last year, showed 78 per cent of respondents backing economic integration, a rise of 20 percentage points over 1996. The proportion opposed to integration fell from 21 to 11 per cent.

The questions concerned integration within the Latin American region, and did not gauge backing for an integration project that also included the US.

The poll, collated by the Latinobarómetro group of polling organisations, showed support for Latin American integration was greatest in Colombia, where it was backed by 91 per cent. In Bolivia, Chile and Argentina, 83 per cent backed the idea, while in Ecuador support was at 82 per cent, and Peru, at 81 per cent.

Support was weakest in Paraguay, the only country where backing for integration fell over the year, where 58 per cent backed the idea. Mexico, 62 per cent, and Brazil, 71 per cent.

The sharpest rise occurred in Central America, where support rose from 48 per cent to 80 per cent over the year. It was most strongly backed in Nicaragua – 89 per cent – and Honduras, 87 per cent, and support was weakest in Panama at 72 per cent.

The polls showed a modest growth in optimism about the region's economic prospects, with 23 per cent of respondents in South America and Mexico expressing optimism about the future of their country's economy, compared with 21 per cent a year early. In Central America, the percentage grew to 20 per cent from 12 per cent.

**CANADIAN ACTION** RUSSIAN AIRLINE ORDERED TO PAY US$6M IN DISPUTE OVER HOTEL

# Aeroflot warned over seizures

By Edward Alden in Toronto

A Canadian company is threatening to seize more passenger aircraft owned by Aeroflot unless the Russian airline pays US$6m by today to settle a dispute over the control of a luxury Moscow hotel.

IMP Group, one of the pioneer foreign investors in the former Soviet Union, seized a 180-seat Aeroflot jet at Montreal's Dorval airport earlier this week, forcing passengers to find another route to Moscow via New York. Bailiffs accompanied by Canadian police halted the loaded aircraft on the runway after a Quebec Superior Court granted the company the right to enforce an international arbitration award by seizing Aeroflot assets in Canada.

The jet was released after Aeroflot agreed to make the payment. Canadian officials say this was the first time a Russian aircraft had ever been seized to enforce a commercial contract breach.

The case is being watched closely by foreign investors in Russia, particularly Canadian investors who have long followed the lead of the IMP Group's chairman, Ken Rowe, in trying to navigate through the corruption that has accompanied Russia's rapid market reforms.

While Canadians have about C$700m in direct investments in Russia, many companies, including leading oil and gas groups, have pulled out entirely. "He [Mr Rowe] has not backed down as so many joint venture partners have," said a Canadian official. "He has chosen to make it an example."

The dispute involves control of the luxury Aerostar Hotel in Moscow, a joint venture between IMP Group (Cyprus), Aeroflot and the Russian civil aviation ministry. The hotel was originally planned, but not completed, for the 1980 Olympics. Mr Rowe says the Russian partners tried to squeeze his company out by unilaterally cutting the lease from 50 to 20 years, refusing to pay management fees for the hotel, and engaging in a two-year campaign of intimidating and harassing IMP employees.

Aeroflot chief executive Valery Okulov, son-in-law of Russian president Boris Yeltsin, has charged that IMP was incompetent in managing the hotel.

IMP took the dispute to the Arbitration Institute of the Stockholm Chamber of Commerce, which has long arbitrated for foreign investors in Russia, and last year won a $5.8m judgment. But Aeroflot refused to pay despite the Russian Supreme Court upholding the award.

Russia's prosecutor-general's office is pressing the court to reverse the decision, an action that would further dismay investors. Despite the potential diplomatic fallout between Russia and Canada if more aircraft are seized, the Canadian government is backing IMP.

Canadian officials warned Moscow weeks in advance that an aircraft would be seized if Aeroflot did not pay the award and they say successful resolution of the dispute is critical to the future of business relations.

## NEWS DIGEST

### BRAZILIAN ECONOMY

## Trade deficit more than double forecast level

The recent wave of optimism surrounding the Brazilian economy was slightly dented yesterday when the government announced a trade deficit in March of $818m, more than double analysts' forecasts.

Government officials said the figure for March, following a deficit of only $85m in February, was the result of heavy rain which led to a delay in agricultural exports, especially soya.

However, the deficit is likely to prompt renewed scrutiny by economists of Brazil's current account deficit, which was one of the principal reasons for the vulnerability of the economy to the Asian markets turmoil last year. The disappointing trade figures follow a surge in foreign investment in Brazil in February and March, which has increased reserves to $65bn, above pre-crisis levels. **Geoff Dyer, São Paulo**

### CHIEF EXECUTIVES

## Star players add value

Developing a chief executive's reputation as a star performer can be crucial in enhancing a company's stock price performance, according to a new study.

At a time when many companies say they are keen to play down the celebrity status of their top executive, a report published by Burson-Marsteller, the international communications group, suggests that shareholders would be better served if companies played up the qualities of their chief executives.

A survey of 2,565 business executives, financial analysts, government officials, recruitment consultants and other so-called "influential stakeholders" in the US found that a chief executive's reputation accounts for 40 per cent of a company's reputation.

"Chief executive reputation impacts share price," said Leslie Gaines-Ross, chief knowledge officer at Burson-Marsteller. "Whereas chief executive reputation does not necessarily convert influentials into loyal buyers of the company's products or services, it does move all stakeholder groups to buy stock," she said. **William Lewis, New York**

### ENCRYPTION POLICIES

## Costs could mount to $96bn

US policies on encryption technology could cost between $35bn and $96bn in lost sales and dampening effects on the economy over the next five years, according to a new study published by the Economic Strategy Institute, a Washington think-tank.

The researchers urge the abandonment of administration policies which restrict exports of encryption technology used to scramble electronic messages and which require users to make decoding keys available for use by government agencies.

Export controls on encryption technology have had "no discernible impact on national security, but have demonstrably compromised America's economic security," according to Erik Olbeter and Christopher Hamilton of ESI, authors of the report. **Louise Kehoe, San Francisco**

### FACTORY GOODS

## Orders show slight drop

New orders for US factory goods fell 0.9 per cent to a seasonally adjusted $384.84bn in February following a 0.6 per cent January increase but most of the decline was due to lagging aircraft orders, the Commerce Department said yesterday. Excluding the volatile transport sector, orders edged up by 0.2 per cent. Orders received by the aviation sector dropped from $14.6bn to $9.8bn.

The factory orders report follows several recent indicators that the economy is losing momentum slightly in sectors which have been hit by declining sales to Asia. However, the overall outlook for the economy remains good. Some economists are predicting 3 per cent growth in the third quarter, a gentler slowdown than has been projected in reaction to the Asian crisis.

Many individual industries are still doing well. Orders for primary metals rose by more than $400m. Demand for industrial machinery and equipment also continues apace. Orders for engines and turbines rose by 3.7 per cent to more than $2bn, after growing by 16.5 per cent between December and January.

The employment outlook remains bright. The number of people filing at employment offices for benefits fell to a seasonally adjusted 309,000 last week – a decrease of 6,000 from the week before, according to the Labor Department. **Nancy Dunne, Washington**

### NICARAGUA

## Donors pledge $1.8bn

A meeting of government donors to Nicaragua yesterday pledged $1.8bn over three years to help the country in attempts to tackle poverty and accelerate growth.

Enrique Bolanos, Nicaraguan vice president, described the two-day meeting that closed yesterday in Geneva as "successful". He said the government was hoping for a positive response at a meeting of the Paris Club of government creditors on April 21.

Servicing Nicaragua's $6.4bn foreign debt eats up half the country's export revenues and weighed "heavily on our shoulders", said Mr Bolanos.

The aid pledges, which include some $900m previously announced, would need to be supplemented by significant debt relief, he said. **Stephen Fidler, London**

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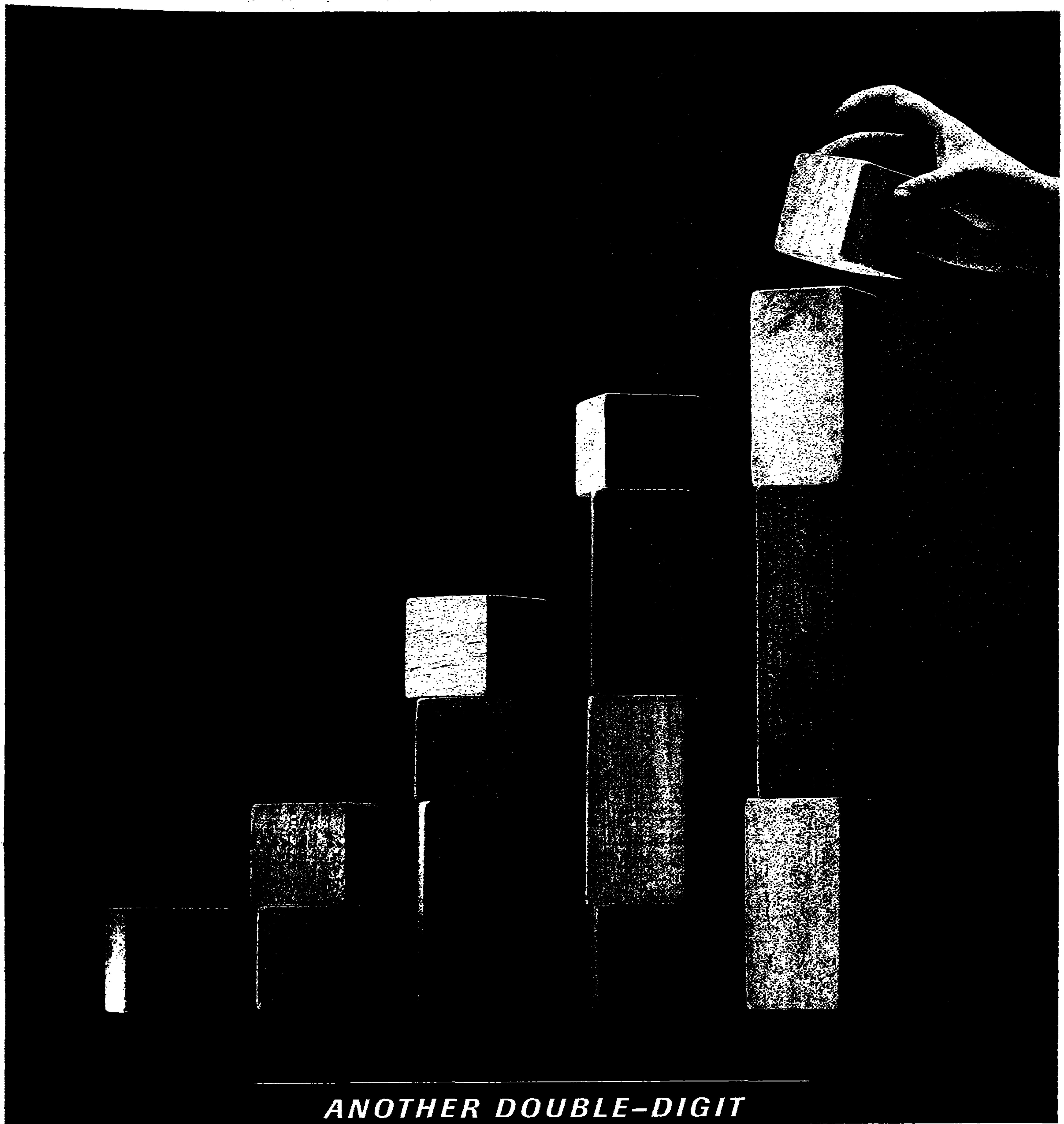

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ASIA-EUROPE SUMMIT MANUFACTURERS FACE SHORTAGE OF LIQUIDITY AND BANGKOK MUST GRAPPLE WITH RISING UNEMPLOYMENT

# Export slowdown hits Thai recovery

By Peter Montagnon, Asia Editor, in London

A disappointing performance on exports is slowing Thailand's recovery from the economic crisis that struck after last July's devaluation of the baht, Chuan Leekpai, the prime Minister, said in London yesterday.

Thailand's determined effort to restructure its banks and stabilise its economy has caused it to be held up by western creditors as a model Asian reformer and won Mr Chuan a hero's welcome on his recent visit to the US.

But yesterday, the self-effacing democrat said Thailand still faced considerable challenges on the road to recovery.

Thai exports fell nearly 8 per cent in January compared with the same month of 1997 because of a severe shortage of liquidity facing local manufacturers.

The baht had now stabilised at a higher level and weak demand had kept inflation, at present 9.5 per cent, below the level predicted by the IMF, Mr Chuan said. But the government faced rising unemployment and social problems mitigated only partly by rising farm revenues as a result of higher rice prices.

"The major problem we are facing with regard to exports is that of liquidity," he added. "The banks are charging high interest rates, and some banks do not have the funds to make loans."

The US and Japan, however, had provided export credit and Thailand this week signed a $1bn loan from the Asian Development Bank for that purpose.

Europe could institute similar measures, Mr Chuan said. He would ask European leaders at this week's Asia-Europe summit to facilitate the roll-over and rescheduling of Thailand's short-term debt.

Mr Chuan said he believed Japan's banking problems would not lead it to pull its investments out of the rest of Asia, though he was concerned about its ability to absorb Asian exports because of its own weak economy.

There was also a continuing risk of loss of confidence spreading from Indonesia, which required special handling. The IMF had to recognise that Indonesia had unique problems, with a large population spread over many islands. "Measures which have worked in other countries may not be the most suitable for Indonesia."

The need to maintain food supplies to such a widely dispersed population required the existence of government monopolies, he added.

Despite Thailand's weak exports, Mr Chuan indicated it was still too early for a significant fall in interest rates for which business is increasingly pressing.

The IMF was prepared to allow a gradual reduction once the currency stabilised. "But it is not for the government to intervene. It is up to the market mechanism".

British premier Tony Blair with Zhu Rongji, his Chinese counterpart, in London yesterday Brendan Corr

# Western banks 'share blame for Asia crisis'

By Peter Marsh in London

Western commercial banks should take their share of the blame for the financial crisis which hit Asia last year, Supachai Panitchpakdi, Thailand's deputy prime minister, said yesterday.

Mr Panitchpakdi told a conference of world business leaders, held in conjunction with the Asia-Europe political summit in London, that banks came up with "very fancy names" for their lending instruments and "should have showed more discipline" in lending to east Asian nations.

He said creditor banks were "highly inventive" in coming up with lending instruments to private sector enterprises in Thailand, which was the first Asian country to be hit by the economic turmoil that engulfed the region.

The build-up of loans to private sector enterprises in Thailand is widely held to have been one of the main factors behind the crisis.

Implying that some of the Thai groups taking the loans did not properly understand what they were doing, Mr Panitchpakdi said the banks "came up with all kinds of paper with nice names" which they used as lending instruments.

Some of these instruments were linked to currencies such as the euro, with which Thai borrowers might not have been familiar, according to Mr Panitchpakdi.

Another factor behind the crisis was the lack of preparedness for any problems in the region by economic agencies such as the International Monetary Fund.

Reports on the subject by such agencies alluded to potential economic shocks triggered by the private sector loans only "in very polite terms", said Mr Panitchpakdi.

Thailand was doing its best to correct any policies which had contributed to the crisis, he added. The government was, for instance, attempting to allow foreign companies to take over a bigger share of domestic industries by changing legislation. However, this was being resisted by some sections of society.

# Regional crisis casts shadow over Shanghai

By James Harding and James Kynge in Shanghai

Asian investors have been forced to delay or curtail projects in Shanghai worth hundreds of millions of dollars as financial problems at home have put a brake on their ambitions in China.

Construction of the world's tallest building may be delayed and a nine-storey shopping centre could be trimmed to three floors, in a reminder of how Asia's financial crisis is casting its shadow over China.

Zhou Yupeng, the vice-mayor who oversees Shanghai's plans to transform Pudong, the eastern part of the city, into Asia's financial and commercial capital by early next century, said: "We have seen a marked deceleration in the investment into Pudong, particularly from Asian countries. We have seen a noticeable slowdown in five or six major projects."

Thailand's CP Group, one of the largest foreign investors in China, has had to rein in its original plans for a $300m nine-storey shopping centre in Pudong. The Shanghai government has proposed that CP Group build a smaller three-storey shopping mall on the site.

The government would offer assistance to troubled Asian investors, Mr Zhou said. In the case of CP Group, "if they have problems in the future we have told them we will find Chinese partners to assist them", he said.

South Korea's Daewoo Construction has delayed its plans to build an extensive residential complex, Inter Dragon City, in Pudong. "The project was originally intended to start early this year and be completed around 2003, but now it will be postponed by about a year," according to a Daewoo representative in Shanghai.

Posco, Korea's largest steelmaker, is developing a $180m office tower in Pudong. A Posco representative in Shanghai said: "We have considered whether or not we should halt work, but our headquarters in Korea felt that the losses incurred would be too great. So the final decision has been to press ahead."

Mr Zhou also raised concerns about the prospects for the world's tallest building – the 94-storey World Financial Centre – which the Japanese group Mori Building is developing in Shanghai.

A Mori representative acknowledged that construction was behind schedule because of the weather and technical problems, but insisted that the Y75bn ($9bn) building would be completed on time in 2001. He admitted the company was "always watching the situation in Asia".

# Low voter turnout hits HK election

By Louise Lucas in Hong Kong

Hong Kong yesterday took an unconvincing first step in its maiden post-colonial elections. Just 23 per cent of eligible voters turned up to choose an election committee.

The election process has been criticised as complicated and undemocratic. Yesterday's exercise will help create an 800-strong committee, which will in turn choose 10 legislators for the 60-strong parliament.

Emily Lau, leader of the pro-democracy Frontier party, which staged a protest against the election, said the low turn-out reflected confusion and disillusionment.

Just 2 per cent of the populace – representing religious, labour and professional groups – were eligible to vote yesterday. There were 963 candidates chasing 588 seats, to add to the 212 already allocated.

Elections for the Legislative Council, or parliament, became increasingly democratic in the final years of British rule. In the final colonial election of 1995, 20 seats, representing geographical constituencies, were open to popular vote: the remaining 40 were restricted to voters qualified by profession or by election to neighbourhood councils.

Under the current arrangements, those enfranchised by virtue of their occupation – the so-called functional constituencies – have shrunk from 2m before the handover to about 230,000, but the 20 geographically elected seats remain the same. However, these will be contested under proportional representation rather than the first-past-the-post system.

The government, while conceding turnout in yesterday's elections was low, stressed it was a fair and transparent election.

But Ms Lau criticised the government for not communicating their methods to the electorate. While calling for people to cast their votes in the direct elections on May 24 for a new legislature, she predicted turnout would again be low.

● The Hong Kong government yesterday moved to quell growing concern that a new bill would put mainland bodies above the law. The government said that in adapting laws to reflect the new sovereign power it was simply continuing a time-honoured legal practice to make exemptions.

Concerns that Xinhua, the official Chinese news agency, would be exempt from privacy bills could always be challenged in court, the administration added.

# Indonesia draws up bankruptcy law

By Sander Thoenes in Jakarta

Indonesia's government has quietly pushed ahead with key legal reforms to facilitate bankruptcy and eradicate corruption in government tenders, but advisers fear some of the new regulations leave loopholes big enough to render them ineffective.

Government officials and advisers said the cabinet last week received a draft bankruptcy law that would replace regulations dating back to 1905, which have been blamed for allowing just a handful of bankruptcies. The cabinet is also considering an alternative proposal to leave the law intact but install special courts and independent receivers to replace ineffective civil courts and government agencies.

Banks which are owed more than $80bn by Indonesian enterprises insist on an effective bankruptcy procedure as a condition for rescheduling loans, along the lines of a scheme discussed this week by the Indonesian government and the International Monetary Fund.

US advisers and some Indonesian officials have pushed the new draft law, which would allow for a receivership similar to Chapter 11 in the US, which encourages restructuring of companies. They argue that enforcement of the old law would merely encourage liquidations and boost unemployment.

While hailing the legal reforms as significant progress, government advisers also complain that one key legal improvement has been rendered ineffective by exemptions and deletions.

This presidential decree, signed in January but not publicised, regulates private investment in infrastructure projects for the first time. introduces open tenders and requires feasibility studies before any state funds or resources are allocated.

"If implemented, it will lead to a much more active bidding market," said Michael Horn, president of the consultancy CB Indonesia which helped draft the decree. "The more bids you have, the better price you get for the government."

In theory, the decree should rule out numerous investment projects set up by President Suharto's children and other well connected businesses that have been targeted by the IMF for gaining preferential treatment and draining state coffers.

But advisers said officials had deleted several key definitions, articles and supplements from the original draft that were needed for it to work. The decree leaves out bidding rules, oversight, a dispute settlement procedure for tender applicants, as well as definitions of government support and public-private partnership.

One adviser said the deletions could perpetuate rent-seeking by state enterprises, awarding of excessive subsidies to well connected contractors and simple rigging of tenders.

He added the decree was likely to be even less effective than an earlier decree on government procurement, similarly weakened by exceptions and widely ignored.

A new ministerial decree, also issued in January, even exempts all state enterprises from reporting their procurement practices, an exemption officials insist was a mistake but which they have yet to correct.

# Japanese told: when in doubt, go shopping

By Gillian Tett in Tokyo

Confused about Japan's economic policies? Some help from its Ministry of Finance is now at hand.

The formidable ministry has started an advertising campaign that explains the latest income tax cuts to a baffled population – and implores them to start a spending binge.

"To boost the economy, special tax cuts have been introduced!" the advertising posters say. Cartoon characters respond: "Hooray! Let's spend some money!". "Let's go and buy some clothes!" "Let's go skiing!"

The novel campaign partly reflects growing alarm in the ministry about the state of Japan's economy, which is teetering on the edge of recession. In particular, some bureaucrats fear the population is now so confused and gloomy about government policy that households will simply save any extra income they receive from tax cuts rather than boost growth by spending it.

Norio Ohga, chairman of the consumer electronics group Sony, yesterday pointed out that recent household surveys show that the Japanese population is now spending only 69 per cent of disposable income – the lowest figure since records started in 1970.

As one ministry official says: "If people don't understand what is happening they may not spend money, but save instead . . . and what we need now in Japan is for people to spend to boost growth."

Advertisements have been placed in 16 weekly magazines with 22,000 posters in railway and metro stations from the northern island of Hokkaido to Kyushu in the south.

The posters, which carry the Ministry of Finance name discreetly in one corner, describe the details of the Y2,000bn ($15bn) income tax cut announced last December in the third of the government's recent five packages aimed at stimulating the economy.

They explain that a couple with two children will have Y65,000 ($486) extra cash between now and July. "I want to buy some toys!" says a child to its father. "I want to buy a new blouse!" declares a mother. "Hooray!"

The posters dodge the question politicians are squabbling over – whether the tax cuts will be "temporary" or "permanent", followed by more reductions later this year, as many are demanding.

Whether the campaign will work is another matter. "We think at least half the tax cut will be saved anyway," says Jason James, of HSBC Securities. "In fact, as a consumer I would be more worried by seeing this [campaign] – I would think something is really wrong in Japan."


# Capital spending fails to materialise

By Alexandra Harney in Tokyo

With consumer confidence in the doldrums, it was supposed to be capital spending that prevented the Japanese economy sliding into recession. But data released yesterday suggest a collapse in capital expenditure could in fact be contributing to the economy's downward spiral.

According to yesterday's Bank of Japan "Tankan" survey of more than 9,000 businesses, big Japanese manufacturers' capital spending is expected to drop an average 7.2 per cent, in the first year-on-year decline in four years.

Manufacturers are in trouble. With unemployment at record levels, overtime decreasing and salary inflation low, consumer confidence is crumbling. The consequent collapse in sales has led to a stream of profit warnings this week by Japan's largest companies, including the motor group Nissan and Marubeni, the trading company.

Earnings among non-financial groups in the 12 months ending March 31 could fall on average by as much as 15 per cent, according to brokers J.P. Morgan. Naturally, the corporate sector has reacted to its plunging profitability by cutting back capital expenditure.

Yesterday's data contrast with spending in the last financial year, which increased 9.1 per cent.

The cutbacks appear to be occurring across much of the economy, with the biggest revisions in the telecommunications, steel, paper and pulp, motor and electronics sectors.

Sometimes the cuts are huge. The paper and pulp industry is expected to cut capital spending by 47 per cent this financial year, according to the Long Term Credit Bank.

Similarly, the electrical machinery sector is forecast to reduce its expenditure 11.8 per cent and the chemicals industry 10 per cent.

In the motor industry, which suffered a 20 per cent fall in sales last month against the same period last year, Mitsubishi Motors has cut its tentative 1998 fiscal year capital expenditure budget from Y1,500bn ($11.5bn) to Y800bn. In telecommunications, Nippon Telegraph and Telephone recently announced that it would reduce capital investment 7.4 per cent.

Semiconductor makers, suffering from a collapse in memory chip prices caused by a sharp fall in domestic and Asian demand, are also reducing spending. NEC and Hitachi have announced cutbacks. Fujitsu plans to cut investment in semiconductors 30-40 per cent. Mitsubishi Electric said it would spend only Y50bn this year on semiconductor capital spending, compared with a peak in 1995 of Y123bn.

But these figures might underestimate conditions in the Japanese economy, analysts warned. Groups might revise capital expenditures further as banks tighten lending and the Asian financial crisis continues.

"I would say that the numbers are going to be worse than at present predicted. These numbers are probably optimistic," said Ken Okamura, a strategist at Dresdner Kleinwort Benson.

"It doesn't seem to be the case that [manufacturing groups] draw up a plan for capital expenditure at the beginning of the year and then follow it," said Richard Geren at ING Barings. Instead, they were likely to adjust spending according to conditions during the year.

With household spending down 4.5 per cent in February year-on-year, export growth slowing to just 2.7 per cent for the same period, and capital spending collapsing, it looks like a stormy year ahead.

The pressure is on Ryutaro Hashimoto, the prime minister, to find a solution to Japan's economic woes.

## NEWS DIGEST

### INSIDER DEALING

## Philippine SE considers reform to placate SEC

The Philippine Stock Exchange yesterday called a special membership meeting to revise its by-laws and reach agreement with the Securities and Exchange Commission (SEC), the market watchdog, in its dispute over investigation of insider dealing. The meeting, due at the end of May, will follow consultations with the SEC over improvements to existing investigation procedures. Members of the exchange will then be presented with proposals to amend its by-laws.

Analysts said that although José Yulo, president of the stock exchange, appeared to have blinked first in the turf battle with the government regulator, there was no guarantee that two-thirds of the exchange's members would approve the proposed changes.

The move follows the SEC threat earlier this week to revoke the exchange's licence if it did not reform procedures for investigating insider dealing. At issue is the role of the president, whose approval is required under existing rules before any probe can take place. The SEC wants this provision to be amended before the exchange is awarded self-regulating status by June 1.

Mr Yulo denied the exchange was dragging its feet on reforms, pointing to the review of the bourse's rules, the codification of its rules into one manual and improved staff training.

His conciliatory approach – he dismissed the dispute with the regulator as a "healthy discussion" – contrasted with the more confrontational stance of Perfecto Yasay, SEC chairman. Justin Marozzi, Manila

### CHINESE BONDS

## Banks told to slow sales

China's Finance Ministry has ordered banks to slow sales of Treasury bonds, anxious that sizzling demand for the paper is draining liquidity from the banking sector.

Some 80 per cent of a Yn125bn ($15bn) tranche of bonds launched in February has already been sold as investors scramble to take advantage of the premium the paper offers over bank interest rates, according to the official media. The bonds had been expected to take eight months to sell.

Interest rate cuts, the last of which was last week, have made the bond coupons relatively attractive. The coupon for the three-year bonds is 0.9 percentage points above three-year bank deposits, and for the five-year debt is 1.2 points higher than the five-year deposits. Another reason for the rapid sales of bonds is the relatively poor performance of China's stock markets.

The government plans to issue Yn264.4bn of state debt this year, up from Yn248.6bn last year. James Kynge, Shanghai

### INDIAN ELECTION

## BJP's slim majority increases

India's Bharatiya Janata party (BJP) increased its slim parliamentary majority by a further seat yesterday as its candidate won the seat of Patna in Bihar, following a fresh poll resulting from electoral malpractices in February's general elections. C.P. Thakur won the seat in the capital of one of India's poorest states.

The BJP and more than a dozen allies last weekend won a vote of confidence in the 543-seat house, with 274 votes against the 261 mustered by the combined Congress party and United Front coalition.

The BJP margin was helped by the last-minute decision of the 11 MPs with the south Indian Telegu Desam party (TDP) to vote with the BJP alliance. The TDP said it would support, but not join, the alliance. Mark Nicholson, New Delhi

### INDIAN ECONOMY

## Reserve Bank cuts rates

The Reserve Bank of India cut interest rates yesterday to bolster the new government's efforts to revitalise a flagging economy. The bank rate – at which commercial banks obtain refinance from the central bank – was cut 0.5 percentage points to 10 per cent, and the repurchase rate for government securities by 1 point to 7 per cent.

The new coalition government, led by the Hindu nationalist Bharatiya Janata party (BJP), has put revitalising a slowing economy at the top of its priorities since coming to power in mid-March. Reuters, Bombay

WORLD TRADE

# Glaxo in Spanish row over pricing policy

By David White in Madrid

Glaxo Wellcome, the UK-based pharmaceuticals concern, is fighting a campaign by a group of Spanish wholesale distributors which claims the company is imposing an illegal price system.

Aseprofar, an organisation representing about a dozen distributors, said it had complained to the Spanish ministry of health and European Commission competition authorities about Glaxo's policy of setting two prices, one for the domestic Spanish market and another for products exported from Spain.

The company's Spanish subsidiary, which claims market leadership in sales of pharmaceuticals, confirmed that it had established a "new distribution system" to tackle the problem of parallel imports. This involves traders who exploit relatively low government-fixed drugs prices in one country to export to other European markets where the same products are more expensive.

Enrique Conejo, a lawyer representing *Aseprofar*, alleged that Glaxo's dual-price arrangement was illegal under both Spanish and international law, and contravened the principles of the European single market. He said health ministry officials in Madrid had verbally supported the view, during a meeting yesterday, that Glaxo was acting illegally. However, the health ministry said it was unable to confirm this.

Mr Conejo added that the organisation planned to lodge a further complaint with Spain's competition tribunal. He claimed Glaxo's policy was causing shortage in some areas such as Guadalajara, north-east of Madrid. Glaxo insisted it was acting "within the strictest legality" and that its policy would ensure that chemists were supplied with its products.

*Carlos Galdón*, president of Glaxo's Spanish arm, said the company had informed the European Commission of its plan four weeks ago before putting it into force, in accordance with EU guidelines. It had received *no objection up to now.*

Between 80 and 90 per cent of wholesalers, including the two largest groupings, had already agreed to its new terms, he said, adding that the few that were opposed were mostly dedicated to export. He confirmed that Glaxo was stopping supplies to those who did not accept the conditions, but denied that this was causing any shortage of supplies.

# India to step up dumping action

By Mark Nicholson in New Delhi

India will this month create an anti-dumping directorate to help meet a rise in complaints from local industry.

The directorate will have a staff of 15 under a director general. Previously a small staff within the ministry of commerce dealt with dumping complaints.

Officials said the new unit was likely to make India pursue anti-dumping cases more aggressively.

The role of the quasi-judicial body, which will act independently of the commerce minister, will be to check pricing data supplied by local industrialists, judge whether dumping applies and whether it has caused injury to local industry. Where it finds dumping, it will set and levy anti-dumping duties.

*Though the move coincides* with the election of the economic nationalist Bharatiya Janata Party (BJP), officials said it was not connected to the BJP's *swadeshi* policies of "self-reliance".

"The timing is unrelated, we have been working on this for about a year now," said Ms Rathi Vinay Jha, who will be director general of the new unit.

The directorate is a *response to a sharp rise in* dumping complaints.

Ms Jha said this resulted partly from India's more open trade since liberalisation began seven years ago, and partly from a better understanding within Indian industry of how to prepare anti-dumping cases.

"Things have not moved as *fast until now because* India didn't know how to move on trade data, but Indian industry is getting savvy," said Ms Jha.

India's commerce ministry imposed anti-dumping duties in at least 15 cases between 1993 and last year, but has seen a sharp rise in cases – mostly against exporters from China, Korea and Japan.

Tim Fischer: robust attack on protectionism

# Cairns group aim to end subsidies

By Mark Mulligan in Sydney

Australia's deputy prime minister and trade minister, Tim Fischer, yesterday vowed to pursue the elimination of farm subsidies and agriculture trade tariffs in Europe and Japan, although he admitted he faced solid resistance from the two regions.

*Mr Fischer, who was* addressing farming representative and ministers from the 15-member Cairns Group of agriculture exporters in Sydney, said the group was preparing "robust" arguments for the end of protectionism.

"We want to see an end to the sort of subsidies where, *no matter how many thou*sands of litres of olive oil are being produced, the EU is saying to farmers: 'You are allowed to produce as many hectares as you want'," he said. Pointing to his own government's abolition of *sugar imports tariffs since* the last meeting of World Trade Organisation ministers in Singapore, he said Europe would eventually have to "go the same way."

His comments follow this week's EU agreement to call for a millennium round of global trade negotiations at next month's WTO ministerial meeting in Geneva. The Cairns bloc, formed to lobby against farm subsidies, export credits and trade barriers, is pushing for reforms in agriculture in line with *advances in other areas of* trade. The EU has historically argued for exemptions in primary industries.

Dean Kleckner, head of the American Farm Bureau Federation and a guest speaker, told delegates he expected to see significant reforms in global agricultural trade within five to 10 years.

The Cairns Group, named after the venue of its first meeting in 1986, includes Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand and Uruguay. It represents 550m people and around 20 per cent of global agricultural exports.

# Ford seals $3m deal for Belarus assembly plant

By Haig Simonian in Minsk

Ford Motor has sealed the first big contract for its new Belarus assembly plant, with a $3m deal to supply 1,500 Transit minibuses for transport in Moscow.

The agreement comes as a relief for the Belarus operation, after the plant, opened last July, was forced to halve output in October when unexpected customs problems virtually halted exports to Russia.

Russia and Belarus have agreed a customs union, and *the new plant was created as* Ford's first step to serve the potentially huge Russian market. Since starting production, about 400 of the 430 Transit vans and Escort cars assembled from kits in Belarus have been sold in Russia.

*Neil Campbell, general* director of Ford's plant in Minsk, said he hoped the removal of the customs hitches would allow the plant to return to its full single-shift capacity of about 32 vehicles a day, or about 6,800 a year.

Len Meany, Ford's associate director for new markets, said that if Ford met its *sales aims, the next step* would be to double output levels by adding a second shift in early 1999 and potentially moving the full body and paint facilities in three years.

The company has so far recruited 12 dealers in Russia and hopes to increase that to 25 by the end of this year. *Apart from Belarus*-sourced vehicles, the outlets also sell cars imported directly from Ford's factories in Europe and the US.

The Minsk plant is virtually identical to the Ford unit at Plonsk in Poland, *opened nearly two years ago.*

Ford has shied away from building big greenfield factories or setting up joint ventures with large existing manufacturers in the region, in favour of much smaller kit-assembly plants which could be expanded as local markets and components supplies improve.

Mr Campbell said he *hoped to raise the local con*tent of the Belarus-assembled vehicles, as more suppliers moved into the region. Local content in Poland has risen sharply.

Ford is pressing on with plans to invest at least $250m in a much bigger manufacturing joint venture near St Petersburg. The unit, *located at the Russky Dizel* works at Vsevolovsk, about 30km from the city, could build up to 150,000 vehicles a year.

Details of the scheme have yet to be finalised. Like other western manufacturers *with plans in the region,* Ford is awaiting Russia's final passage this week of its new decree on motor manufacturing joint ventures.

## NEWS DIGEST

### AIRLINE ALLIANCES

## US Airways goes looking for a global partner

US Airways hopes to join one of the existing worldwide airline alliances this year, Stephen Wolf, its chairman, said yesterday. Mr Wolf said in London he hoped to begin by concluding a partnership with a single airline as a prelude to joining an alliance. US Airways' previous *alliance with British Airways broke* down when BA announced its planned tie-up with American Airlines in 1996. Mr Wolf said he also expected to announce firm orders and options on 30 wide-body aircraft later this year. He said that US Airways would choose between the Boeing 767 and the Airbus A330. US Airways last year placed firm orders for 124 narrow-body Airbus aircraft.
**Michael Skapinker, Aerospace Correspondent**

### ENVIRONMENTAL CRIME

## Britain to urge crackdown

Britain will today urge the world's seven richest industrialised nations and Russia to crack down on environmental crime ranging from trade in endangered species to illegal smuggling of CFC gases. John Prescott, the deputy prime minister and *environment secretary, will urge the Group of Eight environ*ment ministers meeting in Leeds to clamp down on illegal trade. The UK estimates the trade to be worth $20bn a year. *European Union countries in the G8 are also expected to* press Russia to take on a more demanding target for curbing its greenhouse gas emissions.

*At the Kyoto conference in December, Russia agreed only* to stabilise its emissions at 1990 levels by 2010, while the EU Japan and the US agreed to cut theirs by 8.7 per cent and 6 per cent. But the EU's G8 members – UK, Germany, France, and Italy – fear that Russia's undemanding target will lead to "cheating" under the emissions trading system being planned to help meet the Kyoto commitments.

This is because it will be allowed to "sell" the difference between the emissions target and actual emissions, expected to be lower than the target.
**Leyla Boulton, Environment Correspondent**

### TRINIDAD GAS

## LNG plant to be doubled

A consortium of European, US and local companies building a $1bn liquefied natural gas plant in Trinidad has decided to double the plant's capacity to 6m tonnes per year. The first phase, with capacity of 3m tonnes per year, will be completed in 15 months, and construction of the additional plant will start this year. The expansion follows recent significant discoveries of gas fields off Trinidad's coast. BG (formerly British *Gas) and Amoco of the US have found large commercially* exploitable fields, and several other foreign companies are exploring after reaching production sharing agreements with the government.

The plant is owned by Atlantic LNG, in which Amoco of the US has a 34 per cent stake and BG has 26 per cent. Repsol of Spain has 20 per cent, with Cabot Corporation of the US and the state-owned National Gas Company of Trinidad and *Tobago each having 10 per cent. The output of the first phase* has been sold under a 20-year take or pay contract, with Cabot LNG, a subsidiary of the Cabot Corporation, taking 60 per cent and Enagas of Spain taking the remainder. **Canute James, Kingston**

INTERNATIONAL

**MIDDLE EAST** RESPONSE OF SYRIA AND IRAN SEEN AS VITAL TO DEAL ON TROOP PULLOUT

# Israel sets conditions for withdrawal from Lebanon

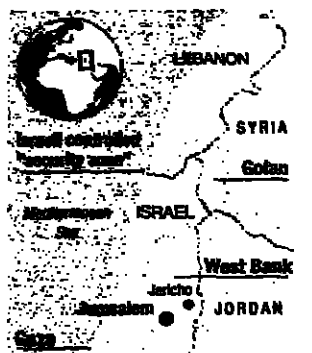
By Judy Dempsey in Jerusalem

Israel went on the offensive yesterday, insisting it would withdraw from Lebanon, but *only if Lebanon moved its* army into the vacuum left by departing Israeli troops.

Uri Lubrani, *Israel's vet*eran defence ministry civilian co-ordinator in south Lebanon, said the inner cabinet's partial acceptance of United Nations Security Council Resolution 425 this week was "a starting point *of a process.*"

Resolution 425 calls for the immediate and unconditional withdrawal of Israeli troops from Lebanon. It was passed in 1978 when Israel first invaded the country to dislodge Palestine Liberation Organisation forces from Beirut.

"Nothing is going to happen from today to tomorrow but I think we are well on the road," said Mr Lubrani.




"We have no time limit. We give it all the possible patience, perseverance and persistence *in order to imple*ment it."

Israel is confident Lebanon will eventually *take over full* control of southern Lebanon where in 1985 Israel carved out a self-declared security zone which it said was necessary to protect its citizens in northern Israel.

But given the complexities of Lebanese politics where Syria is the main power broker, Mr Lubrani said it was understandable the Lebanese were relucant to openly *support the Israeli move.*

"The most weighty sources in Lebanon – they cannot come out in the open, obviously – but their position is very clear. They have to toe the Syrian line. This is no secret," said Mr Lubrani. He added that "behind all this is a quest to get this thing off the ground and implemented. But they cannot say it".

Since the security zone *was set up*, the Israeli-backed South Lebanese Army has been waging a *low-level guerrilla war with* Hizbollah, the Lebanese Shia militias whose aim is to oust Israel from the country.

Israel says the strategy of *the Hizbollah will depend on* Iran, which in the past has been linked to supplying military equipment and possibly training to the Hizbollah. Officials believe President Mohammad Khatami could play a crucial role in determining how Hizbollah will respond to any Israeli withdrawal.

But much will depend on Syria, of which Israel made no mention in the cabinet statement on its resolution to withdraw from Lebanon. *Mr Lubrani said the resolu*tion "totally concerns Israel and Lebanon only. There are side players. We will have to see how to muster support to get this resolution off the ground."

In the past, Syria has *linked any Israeli with*drawal from Lebanon to negotiations on the Golan *Heights which Israel cap*tured from Syria in 1967.

# It's just a political manoeuvre, say the Lebanese and Syrians

By Roula Khalaf, *Middle East Correspondent*

Lebanon and Syria both dismissed Israel's offer yesterday to withdraw its troops *from* southern Lebanon as a political manoeuvre and an obstacle to peace in the Middle East.

"It is a very clear bluff that consists in getting the impression to international public opinion that Israel is ready to *implement* this decision when many conditions are added," Faris Bouez, Lebanese foreign minister, said yesterday. "The *real* goal is to destroy the [UN Security Council's] 425 resolution."

*Israel's inner security cabi*net on Wednesday accepted the 20-year-old United Nations resolution 425, which calls on Israel to withdraw unconditionally from southern Lebanon, but the cabinet imposed the condition that the Lebanese army must deploy in the area under *occupation.*

Beirut, however, refuses to be drawn into any direct security arrangements with Israel or into negotiations over the UN resolution – and says the only acceptable outcome is a unilateral Israeli withdrawal *from* the security zone in southern Lebanon.

In Syria, which dominates politics inside Lebanon, the Israeli offer is seen as an attempt to isolate it by separating the Lebanese and Syrian peace tracks. Syria wants the return of the Golan Heights from Israel and uses Hizbollah, the Shia Lebanese resistance movement fighting Israeli occupation, as a way of exercising pressure on Israel.

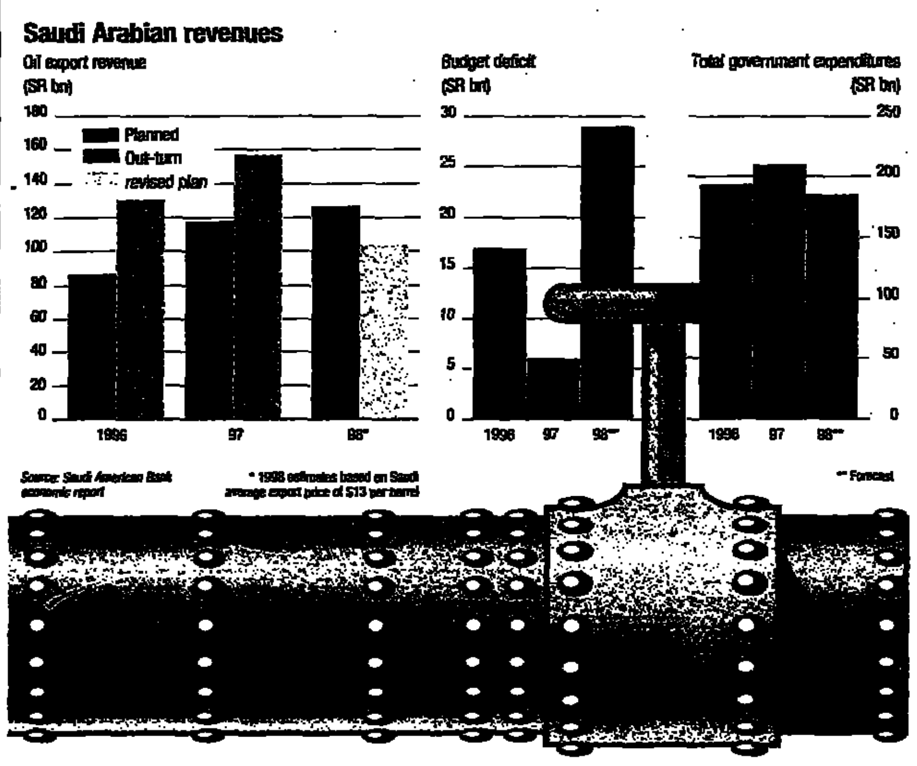
The Israeli offer is a "trick" which "deludes nobody, and will never create a rift between Lebanon and Syria," said Syria's ruling party newspaper al-Baath.

Lebanese officials are being ambiguous in public about their moves in the case of a unilateral withdrawal, but they have in the past said that Hizbollah's *raison d'être* would disappear and the movement would eventually have to be disarmed while the army moves into southern areas.

Sheikh Hassan Nasrallah, the Hizbollah leader, yesterday rejected the conditional Israeli offer. But he said that in the event of a withdrawal, Hizbollah would co-operate with the Lebanese army to preserve the security of southern Lebanon.

There are worries in Beirut, however, that Lebanon will now come under increasing pressure to discuss security arrangements with Israel. Madeleine Albright, the US secretary of state, *has welcomed the* Israeli offer and said that while the US supported a comprehensive approach to the peace process, discussions between Lebanon and Israel would be "useful".

*Many Lebanese are also* concerned that even an Israeli unilateral withdrawal from southern Lebanon which leaves Syria cornered would not bring a lasting peace to Lebanon. Until Syria and Israel reach a *peace agreement. Lebanon* runs the risk of being the play ground where the two sides settle their disputes.




# Sinking oil price rattles Saudi Arabia's shaky structures

**Robin Allen** on how falling revenues may undermine social and economic stability

The last time Saudi Arabia had to do something about a cash flow crisis this big it ended in *tears.*

More than 400 people are still in jail as a result of political protests in 1994 when the world's leading oil exporter was forced to cut government spending to cope with an unexpected fall *in the oil price.*

Home to a quarter of all oil reserves and dependent on oil earnings for more than 70 per cent of budget revenues, Saudi Arabia loses $2.5bn-$2.7bn in budget revenues for every one dollar fall in *the price of oil.*

The weighted mean price for the five grades of Saudi crude averages $1.50-$2.00 per barrel below North Sea's Brent crude, quoted on 31 March at $14.20 a barrel for April delivery.

*At this price for Brent,* Saudi crude would fetch some $12.50 per barrel, bringing in annualised *oil* revenues, including sales of natural gas liquids, of about $34bn, some 22 per cent less than the $44bn Riyadh economists reckon was budgeted *for 1998.*

Simple cash-flow problems, however, mask a deeper structural economic and social malaise, according to present and former officials, businessmen and bankers. They say the state *is already unable to pay for* the expansion and modernisation of the country's ageing infrastructure, and remains unwilling to deregulate a centralised statist economy to enable the private sector to do the job *instead.*

The cabinet, critics say, has failed to follow through on King Fahd's first timid attempts in January 1995 to free the economy from state control by cutting government subsidies.

*According to western dip*lomats, three-quarters of the budget is devoted to current expenditure and public salary costs as well as interest on domestic debt, which is now 85 to 90 per cent of gross domestic product.

Residents in Riyadh say many hotels and residential compounds suffer periodic power cuts and are forced to *operate their own sewage* disposal systems.

"In the last three years of relatively buoyant oil revenues," said one Riyadh banker, "there has been an accumulation of money but no creation of wealth, and *no capital markets develop*ment, except one closed-end fund, to tap some $400bn of available private sector funds held by less than 1 per cent of the national population."

Other critics say the gov*ernment is failing to create* jobs or develop a self-sustaining manufacturing and industrial base. Nor is it making any progress on privatising state companies apart from some progress on the telecommunications system.

Privatisation of the inefficient state power companies has not begun. "If I had my way," said Hashem Yamani, industry and electricity minister, "corporatisation of the power sector would be done tomorrow. But the subject is still being discussed in the council of ministers [cabinet]." This, according to bankers, is a euphemism for indefinitely delayed.

A Saudi banker com*plained that there was* "a perpetual tendency for Saudi officials and commentators to accentuate the positive and minimise the negative".

He pointed to last year's bank results: the country's 11 commercial banks netted an average 15 per cent in higher earnings, a performance which officials like to *portray as evidence of a* booming economy.

"But look where the earnings come from," the banker said. "Half is income from loans to the government and state agencies; another one fifth from loans to the private manufacturing sector."

Commercial bank profits, he added, reflect not so much economic growth "as simply creaming off the top of government indebtedness, and giving consumers credit to spend more from the state's largesse from oil revenues".

In Riyadh, the capital, money has been poured into property development, leaving scores of empty buildings. To compound the private sector's obsession with property, the state has spent billions of dollars on grandiose projects.

King Fahd medical city, *completed four years ago, is* still empty, rivalling the $3bn unused King Fahd international airport in the Eastern Province as "the country's greatest white elephant", as one diplomat put it.

*Meanwhile the indebted*ness of state institutions continues to rise because princes and state companies do not pay their bills. And, according to a former official, allowances paid to the highest officials are taken *from oil revenues without* going through the national accounts.

"The lack of transparency and public accountability become politically more dangerous every time oil revenues cause cash-flow prob*lems,*" said a *frustrated* young businessmen. "Educated people like us want to know where the money is going."

**STERLING** CENTRAL BANK GOVERNOR SAYS PERCEPTIONS OF SINGLE CURRENCY'S WEAKNESS MISCONCEIVED BY FINANCIAL MARKETS

# Euro uncertainty 'keeps pound strong'

By Richard Adams, Economics Staff

Eddie George, governor of the Bank of England, the UK central bank, yesterday said the strength of sterling was being "aggravated" by perceptions that the European single currency would be weak. But he said fears of the euro's softness were being exaggerated and misconceived by the financial markets.

Giving evidence to the House of Commons' Treasury committee, Mr George said international investors were buying sterling to protect themselves against the uncertain performance of the euro when it comes into existence in January 1999.

The uncertainty is partly caused by the delay in naming a president for the new European Central Bank, which Mr George called "an extremely unsatisfactory state of affairs".

The ECB will be responsible for the euro-zone's monetary policies from 1999. The EU's Council of Ministers has yet to decide whether Wim Duisenberg, head of the European Monetary Institute, or Jean-Claude Trichet, governor of the Bank of France, should lead the bank.

Mr George said he thought the markets' fears would disappear once the appointment was made and the ECB had established itself – leading to a fall in sterling.

He said his European counterparts "are all concerned to construct a currency as strong as the D-Mark, and there's nothing to stop them doing it".

The pound has appreciated by about 5 per cent this year, to its highest level against the D-Mark for a decade.

Mr George's comments were backed by Willem Buiter, a member of the Bank of England's monetary policy committee. Speaking at a conference in London, he said the pound's rise had a lot to do with sterling's safe-haven status.

● The next national Budget will concentrate on closing the productivity gap between UK companies and international competitors, Gordon Brown, the chancellor of the exchequer, said yesterday when launching a series of business seminars to be held at his office in 11 Downing Street.

In the next year, the Treasury and Department of Trade and Industry will examine whether government can help to raise the performance of British companies by a mixture of tax reforms, better use of public spending and regulatory changes.

Business leaders who have already agreed to participate include Sir Alex Trotman, chairman of Ford, the US-based motor manufacturer; C.K. Chow, chief executive of GKN; Sir Richard Sykes, chairman of Glaxo Wellcome; and Adair Turner, director general of the Confederation of British Industry.

Editorial comment, Page 15

# Lloyd's reform proposals are rebuffed

By Christopher Adams, Insurance Correspondent

The government has rebuffed proposals by the Lloyd's of London insurance market for a process of speedy reform of the way it is managed. An independent review has recommended that Lloyd's replace its complex and archaic management structure with a single executive board.

The government, however, is reluctant to rush through the legislative changes. The Treasury said it had not dismissed the review's recommendations, but that regulatory reform of financial services was higher on its agenda.

The insurance market will, therefore, probably be unable to carry out an overhaul for at least four years, during which competitive pressures in global insurance markets are likely to intensify.

Pen Kent, a former Bank of England director, who chaired the committee which carried out the review, said Lloyd's needed a modern board structure similar to that of a public limited company.

Ideally, it would comprise four executive directors including the chief executive. There would be four non-executive directors and a variable number of additional representatives for capital providers.

Such a move would make it easier for Lloyd's to steer strategy and regulation. At present, the top tiers of decision-making are riddled with factions representing diverse interests. Ron Sandler, Lloyd's own chief executive, has expressed concern that the composition of its ruling council is cumbersome.

"We asked the government whether they'd consider a fast track change to the Lloyd's Act," said Mr Kent. "They said no.

"Lloyd's must be equipped to take far-sighted and courageous business decisions. The focus should be to get rid of factions, sub-groups and electoral colleges."

In-fighting between Names, individuals whose assets have traditionally supported Lloyd's, a new breed of corporate backers and underwriters has sometimes made decision-making difficult. Separate regulatory and market boards add to the complexity.

# Time to lighten the burden of history

Easter would be an especially poignant date for N Ireland deal, **John Murray Brown** writes

Since 1916, and the abortive rebellion against British rule, Easter has had a special resonance in the Irish calendar, and not just for republicans. A deal over Northern Ireland would thus have added significance if it can be struck next Thursday as George Mitchell, the former US senator chairing the peace talks, has indicated.

For the two traditions – Protestant unionists and Roman Catholic nationalists – just to reach an accommodation represents a remarkable achievement of diplomacy. But agreement could also pave the way for a whole new relationship between Britain and Ireland, exorcising the historical ghosts of centuries of bitterness between the two islands.

It is this weight of history that cannot be ignored in the Irish question, according to Irish observers.

To the outsider living in Ireland, there seems a perpetual spate of commemorations – this year, of the 1798 Rebellion, last year, of the Great Famine of the 1840s. There are also about 3,000 marches each year by the Protestant Orange Order, many of which claim to recall Prince William of Orange's defeat of the Roman Catholic King James II of England in Ireland in 1690.

To explain the "Troubles" of the last quarter century as the latest expression of this historical discord would be simplistic, though history has played no small role. And, as in many other political conflicts, history itself is a matter of dispute.

From the campaigns of the 17th century under the English leader Oliver Cromwell to the colonisation of the north-east of the island by Protestants from Scotland, down to the partition of the island in the 1920s, the British have left an indelible mark on the Irish historical landscape.

Republicans at least share one thing with their unionist rivals – a near obsession with the past. Republicans look to the martyrs of 1916, who led a thinly supported insurrection against the colonial administration – a cause which became popular only after the British had executed some of the rebels.

But it is the Irish election of 1918 in which Sinn Féin won a majority of seats but with less than 50 per cent of votes, which provides the party's mandate to oppose partition today. Indeed the idea of a dual referendums in Northern Ireland and the Republic to ratify the settlement hoped for next week is seen by the two governments as a way to answer Sinn Féin's claims that partition denied the Irish a right to self-determination. Sinn Féin is the political wing of the Irish Republican Army.

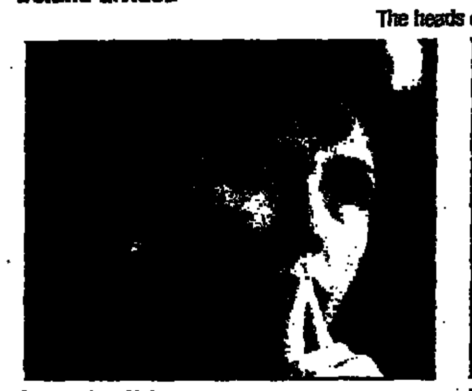
As for unionists, partition, far from being a great injustice is seen as the last great compromise. Unionists often claim it was the Irish who seceded from the union with Britain, rather than the British who annexed part of Ireland. They point out that the Anglo-Irish Treaty of 1921 was approved – albeit narrowly – by the Dail, the Irish parliament. The key cause of the civil war that followed was not partition, as is often stated, but the issue of the oath of allegiance, with Eamon De Valera and the anti-Treaty forces refusing to acknowledge the British crown.

There is no greater agreement on more recent events. Unionists often appear to forget the institutionalised discrimination that propped up the unionist-dominated Stormont regime in Northern Ireland until it was dissolved in 1972.

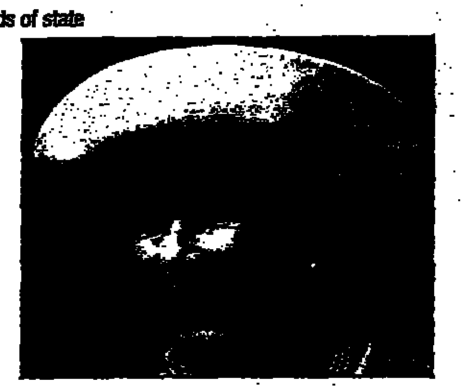
Equally, nationalists are often dismissive of the changes – in equality legislation and housing – which have happened since then under direct rule from London. Few expect historical enmities to suddenly melt away. But if there is a deal next week it could release a surge of goodwill which might just allow both communities to bury their traditional rivalries.

**Ireland divided**

The heads of state



President Mary McAleese



Queen Elizabeth II

1922 Saorstat Eireann (Irish Free State) declared; six counties in north of Ireland opt out

1926 Eamon de Valera founds Fianna Fail party

1927 de Valera enters Dail Eireann (parliament), dismissing oath of allegiance to the British king as "empty formula"

1928 First Irish currency issued

1937 Bunreacht na hEireann (constitution) lays claim to "the whole island of Ireland" and recognises "special position" of Roman Catholic church

1939 Saorstat neutral in second world war

1943 Central Bank formed

1949 Saorstat abolished; republic declared

1955 Republic joins United Nations; stays out of Nato

1969 British troops posted to N Ireland

1970 Sinn Féin/IRA split into Officials and Provisionals

1971 Internment introduced in north; killing of first British soldier to die in "Troubles"

1972 Bloody Sunday: British paratroopers shoot dead 13 demonstrators in Londonderry

1973 UK and Republic of Ireland join EEC

1974 N Ireland "power-sharing executive" fails

1975 Sectarian killings mount in north

1976 IRA landmine kills British ambassador in Dublin

1981 10 republican prisoners die on hunger strike in N Ireland

1985 Anglo-Irish Agreement signed

1990 Death toll of "Troubles" has reached almost 3,000 civilians and more than 400 British soldiers

1994 IRA declares ceasefire in August; "loyalist" ceasefire follows in October

1996 IRA ends ceasefire by bombing Canary Wharf in London

1997 Mitchell principles call for renunciation of violence and use of democratic means to solve political disputes

1998 Sinn Féin and parties linked to Protestant paramilitary groups join mainstream parties and government

## Region will escape handgun ban

The ban on handguns imposed in mainland Britain will not apply to Northern Ireland, Mo Mowlam, chief minister for the region in the British government, said yesterday.

Most handguns in Northern Ireland are personal protection weapons issued to people because they are thought to be under terrorist threat. The mainland ban was imposed after the massacre of children and their teacher at Dunblane in Scotland by a man using legally held weapons.

UK government officials said gun laws in Northern Ireland were tougher than those on the mainland, and no legal weapon was known to have been used in a terrorist attack. Handguns account for some 12,700 of the registered 138,000 firearms in Northern Ireland.

Editorial comment Page 15

**IMPERIAL AND GALLAHER** COMPANIES SEEK COURT RULING ON LUNG CANCER VICTIMS

# Tobacco test case reopens today

By Robert Rice, Legal Correspondent

The test case being brought in the UK by 49 lung cancer victims against Imperial Tobacco and Gallaher returns to the High Court in London today.

The tobacco companies – makers of 80 per cent of cigarettes sold in the UK – are seeking a ruling on two issues, which could still stop the case going to trial.

Imperial and Gallaher do not want to incur further preparation costs until the court rules on whether the victims have left it too late to sue and on how liability for the defendant's costs should be divided among the 49 if they lose.

It was thought the costs issue had been settled following a Court of Appeal ruling in February. It ruled that the victims' lawyers – who had negotiated a "no win, no fee" arrangement after legal aid was withdrawn in July 1996 – would not be personally liable for Imperial's and Gallaher's costs except in extreme circumstances.

The plaintiffs will still be liable for the companies' costs if they lose. But as none is able to meet bills that could run into several million pounds, it was felt the ruling meant Imperial and Gallaher would have to pick up their own bills. The plaintiffs have been unable to get the insurance that normally backs conditional fee agreements.

However, the companies appear determined that the loser should pay. They argue that the plaintiffs should know from the start what their share of the costs is likely to be if they lose.

They also want to know how costs for a plaintiff who drops out of the litigation should be calculated. Seven plaintiffs have already dropped out and all have costs orders against them.

The issue of whether the victims have left it too late to sue poses a much bigger threat to the case. Under English law, victims have three years from when they first realise they have a significant injury to start proceedings.

After that, it is at the court's discretion whether they can proceed.

Of the 49 plaintiffs, 35 were diagnosed as suffering from lung cancer more than three years before writs were issued.

Of the 10 selected by both sides as "lead cases", nine were diagnosed with lung cancer more than three years before writs were issued. On average, the plaintiffs are 10 years out of time.

# English regions slide in European GDP league

By Alan Pike, Business Services Correspondent

Gross domestic product per head in every English region is slipping in relation to the European Union average, according to figures from the UK government.

Richard Caborn, minister for the regions and regeneration, used a House of Commons debate on a bill setting up English regional development agencies to give details of the latest GDP comparisons compiled by Eurostat, the EU's statistical agency.

"The figures show that both the national and regional economic deficits with the rest of Europe have widened, and are worse than we thought," he said. "The figures show changes in GDP per head between 1993 and 1995.

The figures, which are adjusted to take account of cost-of-living variations, use an EU average of 100. They show that England declined from the average in 1993, to 98 in 1995. They show a relative decline in every English region with only London – at 139 in 1995 compared with 147 two years earlier – now ahead of the average. The south-east outside London fell from 101 in 1993 to 100 two years later.

The position of Wales remained unchanged at 80 while Scotland slipped from 97 to 96 and Northern Ireland from 80 to 78. The UK as a whole dropped from 99 in 1993 to 98 in 1995.

Mr Caborn used the Eurostat figures to argue that most of the English regions were in a worse position in relation to the EU average now than they were in 1984, and required urgent attention. It is intended to set up the nine English RDAs in April, 1999. The government is considering names of potential board members and will appoint shadow boards to prepare for the introduction of the agencies later this year.

● North-west England will be the UK's slowest-growing region by the turn of the century, says a report published yesterday by Business Strategies, the economic forecasters, Sheila Jones writes in Manchester.

Growth in the region is expected to slow sharply this year and next after below average growth in 1997. The slowdown will be in both manufacturing and service sector industries, according to Melanie Lansbury, senior economist.

"The north-west suffers not only from an over concentration of traditional manufacturing industries, but also a static population and a concentration of older urban areas, with too few greenfield sites and poor transport links."

It shows that the regional economy grew by 2 per cent last year, compared with 3.2 per cent for the UK as a whole. This year, growth of 1.7 per cent is forecast, compared with 2 per cent nationally, and next year by only 0.7 per cent, against 1.7 per cent for the whole UK.

## NEWS DIGEST

**LEESON CASE AFTERMATH**

### Former Singapore director at Barings disqualified

James Bax, a Barings director based in Singapore during Nick Leeson's unauthorised trading which caused the collapse of the UK merchant bank in 1995, has been disqualified from acting as a director for four years. He did not dispute allegations made by the UK government's Department of Trade and Industry that he had failed to ensure that Mr Leeson was not responsible for both the front and back offices at Barings Futures (Singapore).

Mr Bax, the most senior Barings director in the Asia Pacific region, had also failed to investigate properly what the DTI described as an "extraordinary incident" involving a document known as "SLK Receivable". Relating to a purported £50m ($83.5m) transaction, it was a forgery.

Mr Bax is the seventh former Barings director to be disqualified. Disqualification orders have previously been made against Ian Hopkins and Tony Hawes (five years each); Peter Norris and George Angus Maclean (four years each); Geoff Broadhurst (three years); and Mary Walz (two years). **Clay Harris, London**

**WARTIME ASSET SEIZURES**

### Claims procedure to start

The government is to establish a claims procedure so that up to 25,000 individuals, many of them victims of the Nazis, can receive back assets, worth up to £33m ($55m) at 1939 values, which were confiscated from them by British authorities during the second world war. Margaret Beckett, the chief minister for trade and industry, has apologised on behalf of the government for the way in which some claims for restitution from Nazi victims were handled in the past.

Today she is publishing a report by Foreign Office historians detailing how the government confiscated a total of £367m, at 1939 prices, from nationals of Germany and other enemy countries, including many who were victims of the Nazis. All but £33m of this was returned, but up to 25,000 investors from Germany, Hungary, Romania and Bulgaria were unable to get their money back because they could not prove they had been victims. **Simon Buckby, London**

**CHANNEL TUNNEL RAIL FREIGHT**

### Call to ease security rules

Freight operators called yesterday for an easing of the tight security regulations covering the Channel tunnel between France and England. They said the rules were deterring companies from making shipments by rail. Companies which send small shipments through the tunnel by rail are required to certify that there is no explosive in the consignment. This rule applies only to companies using "aggregators" which group small shipments into full container loads.

Most companies were unwilling to sign this document because they feared "that in the event of a terrorist incident they might be found liable for causing the Channel tunnel to be destroyed, or worse", the Alliance for Channel Tunnel Railfreight said. The alliance represents the British International Freight Association and the Rail Freight Group.

Rail shipments through the tunnel are 2.9m tonnes but make up only 2.5 per cent of cross-Channel shipments. Volumes could be increased up to ten times if the rules were eased, the alliance said. **Charles Batchelor, London**

**CABLE & WIRELESS**

### Company to cut staff by 12%

Cable & Wireless Communications, the UK's biggest cable company, is to make a 12 per cent cut in its workforce of 13,000. The company told staff yesterday it would be making about 1,500 redundancies in the UK following an internal review. The job losses come almost 18 months after CWC was formed by a four-way merger of Cable and Wireless with Nynex CableComms, Bell Cablemedia and Videotron. Several cable companies have in recent months had to reduce overheads to try to improve margins.

The UK cable industry has performed poorly, in spite of having had more than £7bn ($11.7bn) invested in it over the last 10 years. **Cathy Newman, London**

**LONDON PROPERTY**

### Developer named for key site

Stanhope, the company which developed the Broadgate complex in the City of London, has been named developer of London Bridge City II, a 5ha site opposite the city which has lain vacant for over a decade.

The site, on the south side of the River Thames between London Bridge and Tower Bridge, was purchased in January for £70m ($117m) by Capital and Income Group (CIT), a privately-held property investor, and Depfa, the German mortgage lender. "We are looking for a new and bold masterplan," said John Barroll Brown, chief executive of CIT.

The owners expect the appointment of a new team of architects within the next few weeks. The first project is likely to be a substantial office building of around 45,000 sq m – the size most sought after by financial services firms hoping to remain in the City. **Norma Cohen, London**

**ENGINEERING INDUSTRY**

### New body to boost 'heroes'

A representative body for the "unsung heroes" of the engineering industry was launched yesterday in an effort to reduce some of the skills shortages affecting the profession.

The Institution of Incorporated Engineers represents about 40,000 engineers with "intermediate-level" qualifications, often in charge of teams of less skilled people in engineering workshops or software development.

According to Peter Wason, chief executive of the new institution, some 50,000 more people in industry are doing the equivalent job to an "incorporated engineer", but have not bothered to register.

"These people are the unsung heroes of the production line," said Mr Wason. "Without them many factories would grind to a halt." **Peter Marsh, London**

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# INTERNATIONAL PROJECT FINANCE

Asia's problems have jolted the risk appetites of banks and project bond investors. The project finance market will have to make adjustments. **Simon Davies** reports

## Asian crisis takes its toll

International project finance is a long term-orientated and highly structured business, but it has demonstrated many of the volatile characteristics of the emerging markets in which it operates.

Last year, record numbers of project finance deals were pushed through in the first three quarters of the year, and margins fell to unprecedented levels. But the Asian crisis brought activity to a halt.

Construction work around *Hopewell Holdings'* elevated rail and road system through Bangkok has ceased, the Bakun dam in Malaysia is mothballed, and a number of power projects throughout south-east Asia are on hold.

Marion Price, partner at Coopers & Lybrand, says: "A lot of advisers will have lost a lot of money, because they will have worked on a success fee basis for projects that are not going to happen within any reasonable time frame.

"I think there will be a definite reduction in the number of project teams, because they will not all be able to feed themselves. This is going to be a tough year."

A number of banks, including Deutsche Morgan Grenfell, have already started reducing staff.

Bond yields on emerging market debt soared in the wake of the currency crisis contagion that spread from Thailand and Malaysia through to South Korea and Indonesia, reminding banks that they had not been sufficiently rewarded for project risks. Balance sheet provisions have been made, and country risk ceilings will in may cases have been brought down.

The problems in south-east Asia were exacerbated by a separate crisis. Japanese banks have been reeling from a five-year domestic economic slow-down which was exaggerated by their exposure to south-east Asia. Their cost of borrowing has increased through lower credit ratings and the so-called Japan premium (the extra cost Japanese banks pay to secure funding in the inter-bank market), and a large number of banks have withdrawn from the loan market.

One senior banker said: "Around 85 per cent of project finance capacity comes from around 50 banks. You take out the Japanese banks, and count the impact of mergers and takeovers, and you have reduced that number by 10 in the last six months."

Adebayo Ogunlesi, head of global project finance at Credit Suisse First Boston, said: "We certainly saw irrational exuberance in the project market. I wonder whether some of it will be transferred from Asia to other regions, but banks are certainly being more cautious about underwriting."

Indeed, Peter Luchetti, head of project finance at Bank of America, argues: "I think we will see a decline in underwritings this year, and I do not see any way around that. I would guess there will be a decline of around 20 or 30 per cent in the value of underwritings this year."

So how will the project finance market adjust to these changes, given that the risk appetites of both banks and project bond investors have been jolted by recent events?

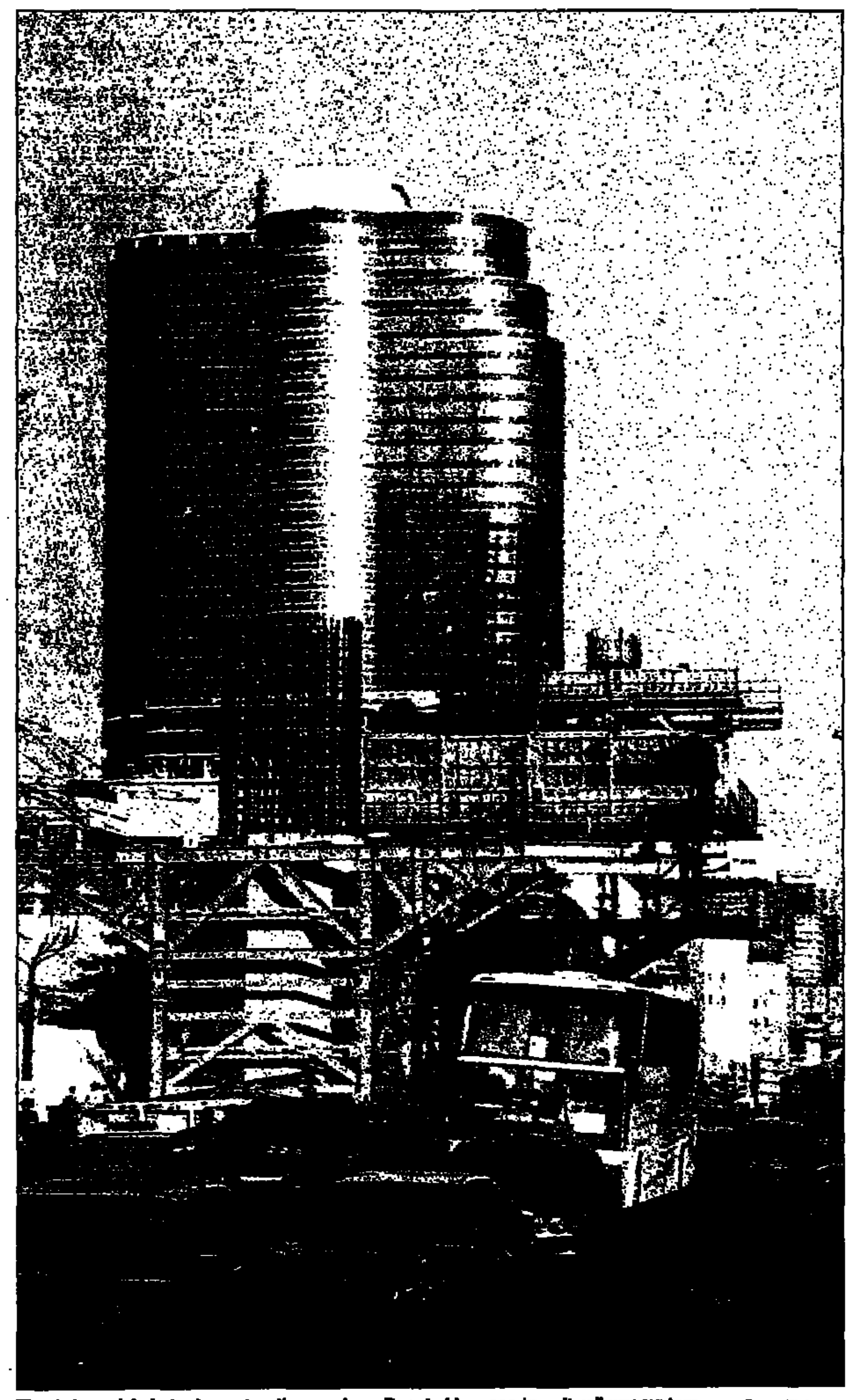
Investors will want to manage their risks better, tightening up bank covenants and documentation for deals, both of which had become unnaturally flexible in the heat of the competition last year.

There could be an increased use of the export credit agencies (ECAs) and multilateral development banks to provide political risk cover and loan guarantees, as well as an additional source of financing.

There had been a gradual shift away from these organisations, which were considered by some bankers to have become too unwieldy, and costly.

Guy Spaull, head of project finance in Europe, Africa and the Middle-East at Chase, said: "The ECAs and multilaterals are already considering ways to become more competitive and flexible, and we see an increased use of these agencies as a way of opening up new markets in Africa and the Middle East."

And capital will converge towards less risky projects or countries, or areas of less competition where fatter margins can be obtained.



The Asian crisis halted construction work on Bangkok's mass transit railway system *Panos Pictures*

There has already been a shift of resources within Asia towards India and China, where projects are going ahead. Capital is also likely to shift to Latin America, which achieved substantial growth last year on the back of a number of mining projects.

As Ms Price said: "Anybody rated AA or above may benefit from the crisis, because there is a flight to quality. Banks which had people covering Asia are now shifting their resources into Europe."

The worst of the Asian crisis is probably not over, as far as project finance is concerned.

Standard & Poor's, the US credit rating agency, said in a recent report on Indonesian power project bonds: "As the economic and financial situation in Indonesia continues to deteriorate, operators of independent power projects are increasingly at risk of defaulting on their fixed obligations."

Substantial restructuring of Thai and Indonesian projects must be expected, and this will provide a test for the growing project bond market.

According to CSFB, $9bn of project bonds were issued in the first three quarters of last year, by some estimates a quarter of the size of the project loan market and growing fast. But critics have always suggested that a weakness of the bond markets would be demonstrated when it came down to restructuring a deal.

This theory will probably be put to the test this year, but there is little evidence that bond refinancings will be any harder to put together than for a syndicate of banks.

A good indicator for any recovery of confidence in the project bond market will be whether a bond issue to refinance part of the $2bn Oman liquefied natural gas project is launched. The deal was mandated to Chase, but was put on ice in the wake of volatile market conditions last year.

But while the industry has taken a considerable jolt, the prospects remain more positive. Fewer participating banks should mean margins are pushed back to more comfortable levels, and there is no doubting the fundamental demand for infrastructure financing. Even under the World Bank's low growth scenario, it expects east Asian demand for infrastructural investment to amount to $1,262bn between 1995 and 2004.

The risks highlighted by recent Asian troubles demonstrate the benefits of developing a capital markets dimension to project finance, given their ability to price risk and to spread risk. And this will provide a considerable source of funding for a market which will require far more capital than the banks alone would have been able to provide.

Furthermore, competition between bond and bank financing is pushing the industry to become more flexible. For example, in the North American market, there has been the first project financing for a merchant power plant on a non-recourse basis and with no anchor power purchasing agreement. And the $1.2bn Ras Laffan bond issue demonstrated the ability of the bond market to raise substantial long-term financing for a start-up project.

Bankers say that it has become standard to offer a range of financing options, which should help ensure the continuing growth of the market.

The final launch of European economic and monetary union should also promote activity. In their drive to meet the Maastricht criteria, the 11 likely members have been pursuing privatisations. They will be keen to sell off more assets and encourage the participation of the private sector in infrastructural investment.

It is therefore likely that there will be more deals along the lines of the UK's private finance initiative (PFI). Furthermore, Emu will create a much broader single currency capital market for funding projects.

This drive for privatisation is also spreading elsewhere. And in the short term, there will be active industrial sectors from telecommunications to merchant power, which should drive the market. Mr Luchetti says: "The longer-term outlook for project finance is still outstanding. The kind of rationalisation we have had is very helpful to long-term participants in this market." But in the short term, there could be several banks which have to make provisions against their existing portfolios.

**NORTH AMERICA** • by Jim Smith

# Big changes in power sector

## Bankers will need innovative financing structures to capture business

*If one trend marks the US power sector, it is the metamorphosis of the electric power supply industry from a government-regulated business to one in which competition among private sector entities determines survival of power producers. Dramatic changes will fundamentally alter the way electricity is bought and sold.*

As a reflection of movement in another direction, the Electric Power Supply Association points out that 22,000MW of merchant plant capacity has been publicly announced; 20,000MW of utility generation have been sold to competitive suppliers, with an additional 35,000MW on the auction block – and the power marketing industry has had exponential year-to-year growth rates.

Traditional utilities are feeling the heat and are being forced to become competitive power suppliers or exit the business.

More telling, it is estimated that there are more than 20GW of merchant plant proposals in the US, up from some 3.5GW in 1996. Another estimate predicts that by 2015, up to 90 per cent of existing US generating capacity will have to be replaced, including nuclear facilities which currently account for up to one-fifth of US electricity.

The use of mortgage bonds as the traditional financing structure for power generating facilities has recently taken a back seat to application of project finance models. Just as power generators have begun to employ sophisticated marketing principles, bankers will need to come up with innovative financing structures to capture business and be assured of payback.

As an example, Toronto Dominion recently closed a $104m package to build the first US merchant power plant financed on a non-recourse basis without an anchor power purchase agreement.

That deal was structured with fuel supply payment made subordinate to senior debt repayment. If cashflow is insufficient to meet fuel bills, the debt is carried in a shortfall account and repaid in the future.

Bankers also will need to be more flexible and market-driven in approaching the power sector, especially in the face of cut-throat competition in the banking sector. Those institutions conducting business as usual will find themselves locked out of the power sector, forced to abandon the business alongside traditional utilities.

Big projects in the US transportation sector, including rail system and airport financings, have been under attack from several quarters.

In addition to the financing of commercial aircraft and rolling stock, which is being challenged by the probable elimination this year of accelerated depreciation benefits under the Japanese leveraged lease, as well as stricter German content requirements under the German leveraged lease, projects are being threatened by other agencies.

The $5.3bn Florida Overland Express project, which aims to connect points along the 320-mile corridor connecting Orlando and Miami, is being delayed because of foot-dragging in the US Congress related to passage of a new version of the Intermodal Surface Transportation Efficiency Act, which would provide either a $2bn loan to be repaid from fare receipts or a federal guarantee to a bond issue.

In addition, the US Internal Revenue Service is preparing to issue final regulations under Section 467 of the Internal Revenue Code. Those new regulations will establish roadblocks to proposed large-scale airport financings by shutting down the US leasehold structure. Among projects currently on hold pending final regulations is a rumoured $1bn O'Hare International Airport deal.

On hold: O'Hare International Airport's $1bn project

While rail privatisations in the Americas have had a distinctly Latin flavour over the past few years, including the late 1996 acquisition of Mexico's Northeast Corridor line by Mexican transportation conglomerate Transportacion Maritime Mexicana and US rail and financial services firm Kansas City Southern Industries for $1.4bn, the recent Canadian National acquisition of Illinois Central represents a change.

That $2.4bn cash and stock deal will make CN the fifth largest railroad in North America. Bank of Montreal and Goldman Sachs are arranging a $1.8bn credit facility for the deal. The five-year loan is split into two parts, a $1bn facility and an $800m loan. Commitments are being sought on three levels.

The merger adds 5,520km of track to CN's 24,500km system and extends the reach of the combined entity to the Gulf of Mexico.

Separately, Illinois Central has a bid in on another leg of the Mexican federal rail system. If IC is awarded the franchise, the combined railroad will stretch throughout North America, soliciting freight from manufacturers in the three member countries of the North American Free Trade Agreement.

Project finance bankers have found another venue in which to ply their trade as the telecommunications satellite business comes of age. One of the most successful examples is the recent Iridium deal aimed at raising money to partially bankroll the technological development and eventual launching of 66 low-orbit satellites to support global cellular telephone service.

Iridium is a consortium of well-known leading players including Motorola, Lockheed Martin, Raytheon and Sprint. Motorola is the principal investor with a 25 per cent stake.

The deal featured much less non-recourse debt than other telecom deals in the Americas, as well as a package of other structures. Financing included a high-yield private placement issue combined with a limited recourse bank facility which fetched $1bn as well as a $240m initial public equity offering of Iridium stock.

The network, which eventually will cost $4.4bn, will support cellular telephones and pagers worldwide. Service is expected to begin in September with a six-month test period followed by a worldwide roll-out.

**LATIN AMERICA** • by Henry Tricks in Mexico City

# Bonanza ended abruptly amid fears of 'contagion'

## Asia's turmoil cast a cloud, but Latin America has learned much from previous crises

Latin America was just rediscovering its taste for big projects in oil, gas and mining last year when Asia's financial crisis struck and commodity prices slumped. That has cast a cloud over project financings in 1998 but not, bankers say, to the extent that non-recourse lending to the region will dry up.

The immediate impact of the Asian currency turmoil was that international banks, some facing steep losses in Asia, found themselves struggling to syndicate loans provided for Latin American projects in late 1997: a galling experience.

The market had almost regained full momentum last year after the 1994 Mexican peso crisis. Loans for Latin American projects were at record tenors, and yields on project bonds fell to levels akin to corporate spreads as banks fought hard for mandates.

The bonanza ended abruptly in October when the market for new Latin American bond issues stalled. Banks that had provided financing expecting to offload it in the bond markets were left holding expensive loans on their balance sheets. US bankers say that Japanese banks, which had been steady customers for syndication sales, ceased dealings. Other banks turned their backs on Latin America, fearing currency crisis "contagion", especially in Brazil and Argentina.

"There was essentially a closing down of the capital markets for project finance bonds. As a result of that, a lot of deals that might have got done in the capital markets have been pushed into the bank market. So we have a lot more supply right now than one might have expected," said John Gilliland, bank market co-ordinator for project finance at Citibank.

"We have also seen a reduction in the number of banks that are participating in project financings in Latin America." A drop in the prices of commodities such as copper – Chile's main export earner – has compounded the impact.

In Venezuela and Mexico, plans for huge projects to boost oil and gas production have been hit by a fall in the price of heavy crude to less than $10 a barrel; half its level of a year ago. In Mexico, where oil accounts for 10 per cent of exports, bankers say the lower prices may force the government to delay its long-awaited efforts to upgrade at least four oil refineries this year.

Venezuela, meanwhile, has pushed back plans for a big oilfield development called Sincor, which may require upwards of $2.5bn in debt financing. Citibank expects the mandate to be issued later this year.

Sergio Galvis, a project finance lawyer at Sullivan & Cromwell in New York, believes copper mining projects will face a particularly tough struggle for financing this year, because of problems with "off-take", that is, long-term demand for the metal.

In Peru, Canadian investors withdrew from the $2.3bn La Granja copper mining development in late February. Feasibility studies on another Peruvian copper project, Quellaveco, were also postponed until year-end. Mining deals were one of the main beneficiaries of project financings in Latin America in 1997, and several copper projects were completed after the Asian crisis erupted. But Mr Galvis expects demand for copper concentrate by Japanese smelter companies to be capped this year by Asia's economic slowdown, making it harder to assure investors that a big portion of the off-take will be secured for the long term.

However, he expects petroleum deals to have a smoother ride because oil is sold on an open market that almost always mops up supply.

"I think the concept that export-revenue projects ought to be fine is basically right. But there are some special dynamics in the mining industry that make me a little bit cautious," Mr Galvis said.

The uncertainties have halted new project financings so far this year. No mandates have been awarded for $1bn-plus deals yet, and bankers say it is unlikely the region will match the estimated $10bn of projects financed last year.

"We have a series of large projects in the office right now that could get done in 1998, although I'm aware of at least two $1bn-plus deals where clients have postponed them until 1999, for a variety of reasons," Mr Galvis said.

Bankers say that the healthy appetite for Mexico's $1bn global bond in March augurs well for a reopening of capital markets for project finance bonds.

The market also launched some landmark deals last year that illustrate the potential enthusiasm for big projects if the elements are right. One example was the Petrozuata oilfield development in Venezuela's Orinoco Belt, with financing of $1.45bn, including $1bn in project bonds.

It was Venezuela's first big project financing since the 1970s, but it received investment-grade ratings four notches above Venezuela's speculative-grade ceiling. The 25-year bond has the longest maturity to date for an emerging market issue. It also boasted record low spreads.

Throughout Latin America, governments have taken draconian steps to regain control of public accounts in the wake of commodity and currency shocks. These moves have partially reassured investors.

Brazil doubled interest rates and slashed its budget to underpin its tottering currency late last year. Mexico and Venezuela both revised their oil price targets and cut expenditures in January. And as Chile's current account widened, the central bank increased interest rates to curb domestic spending.

Privatisation has also accelerated in telecoms in Brazil and steel in Venezuela, and some bankers perceive opportunities where others may only detect hazards. "Overall, I think the robust export-driven projects and privatisation-related financings are going to be accelerated. And therefore you have a shrinkage in the universe of investors and an increasing opportunity of doing business here," said Sanje Kettri, managing director of global project finance at Citibank.

Asia's trauma may even serve to cast Latin America in a more favourable light, as a result of years of painstaking reforms and lessons learned in previous crises. Vijay Sethu, head of ANZ Bank's Global Project Finance in the Americas, said he recently arrived in Latin America from Asia and had been impressed by the careful preparation of deals. This, he said, might explain why despite the market turbulence no Latin American project finance deals had failed so far.

"These guys have really got the fear of God drummed into them. They're so careful. They do a lot of due diligence. You just don't find that in Asia," he said.

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**CONTINENTAL EUROPE** • by Barbara Casassus in Paris

# Britain still leads the field

## Project finance margins in Europe have narrowed in recent years

Continental Europe continues to trail Britain in using private-sector funds to finance infrastructure, although it is starting to catch up as a result of privatisation, deregulation and the approach of the single European currency.

Project finance in southern Europe in particular has been driven by the need to cut public spending and budget deficits to qualify for economic and monetary union (Emu) from the outset, on January 1 1999.

One example is the second 18km bridge over the River Tagus in Portugal, which cost more than $1bn and was funded entirely by non-recourse financing.

In the case of Greece, which will not qualify to join the euro initially, private funding has been generously topped up by subsidised loans from the European Investment Bank (EIB). This means that the commercial banks take the construction risk and the EIB takes the long-term commercial risk, explained Alain Grandel, head of global infrastructure projects at Paribas. Five big projects either launched or on the drawing-board are financed by a mixture of private and EIB funds.

Overall, Italy is estimated to come second to Britain in western Europe for new or recent project finance schemes.

There had been high hopes *for eastern Germany after* reunification with the west, but these have been dashed. Only a few big deals have been struck so far, including the water treatment and distribution system in the town of Rostock, a newsprint factory in Eilenburg, the Midal-Stegal natural gas pipeline, and a microchip plant in Dresden.

The problem is that government guarantees can be invoked only two years after operations begin.

In Germany as a whole, project finance is not used much because it is considered complicated and costly, according to Karl-Heinz Schroeter, *deputy project* finance director for Commerzbank. He sees no prospects of that changing, partly because companies and utilities are cash-rich and often prefer other forms of financing.

Elsewhere on the continent, the progress and profile of project finance varies by country and sector. Portugal and Spain rank high for the number and value of deals. But Luxembourg, Sweden, Belgium and the Netherlands are only just starting, while Germany and Switzerland continue to lag behind.

Throughout the European Union there are opportunities associated with telecommunications deregulation and privatisation, airport *privatisation, extensions or* renovations, and the development or privatisation of public transport systems, power utilities, water treatment and distribution systems, and cable and satellite networks. A European directive banning landfill waste dumps from 2002 has also created new potential; dozens of waste-to-energy recycling plants will have to be built in each of the 15 member countries.

**Grandel, Paribas head of global infrastructure projects: 'Banks will continue to seek project finance business in continental Europe, *because it is one of the areas where there is still value-added*'**

But it appears that some will not meet the waste dumps deadline. France, the bète noire for French bankers, is one of those making slow progress. It will need an estimated 50 facilities, but is building only about one a year.

In other sectors, only a *handful of projects have* been financed by the private sector in France, and most of those have quickly turned sour. The Orlyval monorail link between Paris and Orly airport was bought by the RATP Paris public transport system recently after reporting huge losses, and concessions for the Lyons toll road and Clermont-Ferrand tramway have just been cancelled in the wake of massive public opposition.

The Toulouse metro concession was scrapped a few years ago, and the cash for the Stade de France, built just outside Paris for this year's World Cup, has still not been found. Negotiations are now under way for a bond issue guaranteed by a triple A insurance company.

Although not all private-financed projects are failures, "banks mistrust infrastructure in France," commented Jean Stern, Société Générale's head of banking and finance. "There have been so many disappointments."

On the continent in general, there is greater socio-political risk than in Britain "because of residual government involvement," said T. Craig Bennett, Société Générale's *global head of project* and sectors finance.

"This is why project finance has not taken off as well."

Mr Grandel puts it another way. "Britain believes that private sector funds are the least costly, most efficient and most rapid way of financing projects," he said. "France believes the opposite."

In central and eastern Europe, private sector finance has centred on the privatisation of basic infrastructure, especially in Hungary, Poland and the Czech Republic.

But the experience has not been entirely positive. Traffic on the M1-M15 motorway in Hungary, the region's first toll road, is running at about half the projected level.

"The economy has not helped us very much and interest rates on the forint are very high," commented Pierre Coindreau, head of project finance for BNP which arranged the deal. Adding to the woes is a two-year court battle against the level of tolls, which was started by the Hungarian automobile club and is now in appeal.

*BNP and the European* Bank for Reconstruction and Development (EBRD) are now asking the government to make up for any revenue shortfall if they lose the case and have to reduce the tolls, and are negotiating a restructuring of the project finance. Mr Coindreau hopes agreement will be reached on both scores in June.

Conversely, the 100km M5 toll road from Budapest to the Romanian border is more or less living up to expectations. "So far, so good," said one banker. Commerzbank arranged the project financing for the scheme in 1995.

*Like fresh water supplies,* toll roads in the region suffer from the fact that the people are unaccustomed to paying market prices for services and have limited buying power. Compounding the problems are exchange rate *risks against local currencies* and little or no legal security for private-sector investment.

Nonetheless, Mr Schroeter sees potential for telecoms and power privatisation in Poland, Hungary, the Czech Republic and possibly Romania. The financing for the A1, A2 and A4 motorways in Poland are in preparation, while the Czech Republic has rejected the idea of private-sector roads, and Bulgaria is just a "black hole" for project finance, he *said.*

Some infrastructure projects in Turkey have been financed by low-recourse funds, but bankers are wary of boosting their presence further because of lack of political stability. "The country has major needs, but we have to be careful because of the political and economic risk," said one French banker.

Continental Europe also trails Britain in project finance techniques, the concept of merchant plants having made few inroads. Two of the rare exceptions are Spain and Poland, both of which are now finalising their first such deals.

Meanwhile, project finance margins in Europe have narrowed in recent years and *are expected to be squeezed* still further, according to Mr Bennett. "Because of the Asian crisis, many banks are beginning to focus on Europe and North America," he said. "This will inevitably place still more pressure on margins."

Even so, banks will continue to seek project finance business in continental Europe, because it is one of the few areas where there is still value-added, said Mr Grandel.

**ASIA PACIFIC** • by Louise Lucas in Hong Kong

# Eerie silence sweeps construction sites

## Changes wrought by the financial crisis mean that more guarantees are being sought

An eerie quiet has descended *on many of Asia's big* construction sites since the region's financial crisis began to unroll last year. Projects have been scrapped, delayed or scaled back and investment flows have likewise receded.

Landmark projects derailed by the financial crisis include Malaysia's M$13.6bn Bakun dam and M$35bn-plus multimedia super-corridor. The $3.7bn elevated road and railway system in Thailand, awarded to Hopewell Holdings of *Hong Kong, has been scaled* back and is to be re-bid.

Indonesian casualties included the $650m 450MW Serang power plant near Cilegon, West Java, in which PowerGen of the UK has a 40 per cent stake. Construction was due to begin this year.

According to a survey of 800 international banks, the value of project finance deals completed in the region was more than halved, from $76.26bn in 1996 to $34.47bn last year – although these figures are slightly distorted by the inclusion of some corporate refinancing and privatisations. Bankers remaining in project finance say they are facing challenges on two fronts: there are fewer quality projects to invest in, and *fewer banks willing to share* the risks when it comes to syndicating down loans or underwriting commitments.

Japanese banks, hitherto regular participators on project finance deals, are shrinking their assets in the *region, both to meet capital* adequacy requirements and to reduce lending at a time when the "Japanese premium" is squeezing their margins.

A number of US and European banks are undergoing heavy restructurings or mergers, further depleting the number of potential syndication members. Frank Packard, managing director project finance at Bank of America Asia, notes that even if economies were stable, financing deals would be harder because of the shrinkage of the pool of risk-takers and end-buyers of paper.

The result of these pressures has been to concentrate attention. Geographically, that has tended to mean a focus on China and India. In terms of industries, Bank of America notes that its own policy of sticking with telecoms, power, oil and gas and petrochemicals has proved shrewd: roads and transport infrastructure, being more reliant on non-*essential spending,* have not always been successful.

Brian Allen, head of project finance and syndications at HSBC Investment Bank Asia, says: "There is an upsurge of interest in China from institutions that hitherto were not unduly focused on the market."

In terms of financing, the changes wrought by the financial crisis mean that more guarantees are being sought and lenders are demanding higher premiums for what they see as the higher risks. This is also a function of the smaller pool of fellow lead arrangers, and ultimate buyers.

"With the volatility at the moment, it's difficult to be specific about where pricing should be," says Mr Allen. "*Naturally, the concerns* over currency fluctuation dominate people's credit concerns."

Simon Dodd, managing director project finance at Bank of America Asia, adds: "The level of risk acceptance by banks has changed." Hefty loan provisions made in the face of the Asian financial crisis, and directives to put the brakes on (among Korean and Japanese banks) have virtually halved the pool of syndicate members. At the same time, there are fewer funding options at the right price. The equity markets, a popular means for China infrastructure projects in particular to raise finance, would now yield less attractive pricing (for the seller) than a *year ago.*

Bonds, once seen as a whole new arena for project finance, have failed to take off to the extent anticipated a few years ago. Now bankers reckon they will become a supplementary tool.

As for the focus of much of the funds raised, through debt or equity, "China is going to have a good run for the next couple of years," says Mr Dodd.

The demand for infrastructure is as great as ever, and Beijing has announced plans to allow more suppliers and operators to issue securities, both overseas and domestically. As part of this, the government last year created the State Electric Power Corp which will consider setting up electric power investment funds.

More importantly, the foreign exchange risks that once sounded the death knell to investors have been largely eradicated. China's foreign reserves now stand in excess of $130bn, easing fears of lack of availability of US dollars.

New financing models, along Build-Operate-Transfer (BOT) lines, have reduced the time span for negotiation and financing of projects by several years. BOT deals offer contractors higher *returns for assuming virtu*ally all of the risk involved in a project. The agreements allow projects to be wholly financed by foreign capital without state guarantees.

And – rare in Asia – projects are being concluded. July sees *the opening of* Hong Kong's new airport and railway link; work is continuing on power plants across China; and Beijing's trophy project, the $29bn Three Gorges dam project, is well under way.

**UK PRIVATE FINANCE INITIATIVE** • by Andrew Taylor

# Critical phase ahead

## Private companies are encouraged by early efforts to re-energise the scheme

The Private Finance Initiative, launched five years ago by a Conservative government determined to unshackle the development and operation of British infrastructure from state finances, is now entering a critical phase.

The Socialist administration which last May inherited its predecessor's policies is faced with the burden of making its initiative work by turning into reality some of the hundreds of schemes *still stuck* on the drawing board.

The timing of projects means that progress has accelerated but there is still a long way to go if former Tory targets are to be met.

The value of PFI projects signed in the nine months following the Labour party's general election victory rose to £1.65bn, representing an advance on the £2bn of deals signed in the previous 18 months. However, a single project a £350m deal to refurbish social security offices, accounted *for much* of the improved performance. Labour still has a long way to reach the £2.5bn target for signed deals set by the Conservatives for 1997-98.

A priority will be to rescue the beleaguered £4bn high-speed Channel Tunnel rail link which has run into trouble due to the project's sponsors generating lower-than-expected revenues from the existing rail link between the Kent coast and London's Waterloo station.

John Prescott, deputy prime minister, is examining *different ways of mixing* public and private sector investment to allow the project to proceed. Airline rivals Virgin and BA are among companies seeking to win a share of the project.

Some progress, however, has been made in unravelling some of the complex procedures and hurdles that private companies say they have faced when bidding for PFI projects.

They have been encouraged by the new administration's early efforts to re-energise and refocus the initiative by concentrating efforts only on those projects most likely to go ahead.

Geoffrey Robinson, paymaster-general, has announced a short list of 50 "*significant*" projects on which the PFI taskforce established by the Treasury will be expected to concentrate. He hopes that some of these schemes will provide a model for subsequent investments. They have been chosen he says, because they are "top-notch" schemes which are "highly replicable" and can become "templates that provide the soundest possible basis for future business."

One of the projects, which have a combined value of about £5bn, is the channel tunnel rail project. Others include plans to redevelop all of the 35 secondary and primary schools in Glasgow, a big package of schools in *Stoke-on*-Trent in the English Midlands, and well-developed plans to attract private sector money for schools in Falkirk, Scotland.

Finding ways to make the PFI work in schools is "a very important priority for us," says Mr Robinson.

Ministers announced this month that they were considering plans for a £90m rebuilding programme that could provide the blueprint for tackling the £3.2bn backlog of repairs to Britain's schools.

The project, modernising some 70 schools in three local education authorities in the Midlands and north-east England, would be the biggest in the country and could kick-start the flagging PFI in education, say officials. Until now, the *private sector has shunned* the schools market because proposed PFI projects tended to be on a small, and therefore uneconomic, scale.

Other large projects on the government's priority list include a £200m rebuild of GCHQ, the government's telecommunications and security centre, a £180m refurbishment for the Ministry of Defence, power and ticketing projects for London Underground, plus £273m of hospital developments in Baglan in *Wales, and Edinburgh.*

Few roads – the A13 Thames Gateway and A55 in Wales, apart – are on the priority list, reflecting in part the government's environmental concern to restrict growth in car use. There is also concern that a large proportion of future road budgets is already committed to pay for PFI road projects already under way.

Barclays Capital, which has provided financial and commercial advice on a string of successful PFI bids including the £250m extension to Lewisham of the London Docklands Light Railway, has welcomed the move to "prioritise projects".

It says: "Instead of contractors and financiers chasing hundreds of projects with no real feel for which ones would succeed, the private sector has been given direction allowing it to focus on the projects which government deems most important."

Investors, developers and financiers will now expect to see faster progress, particularly in areas such as education and hospitals where previously it has proved difficult to reconcile the balance between risk and reward to satisfy both investors and Treasury officials. A breakthrough in the health sector occurred with the award last year of the first two PFI concessions to develop the £115m Dartford and Gravesham hospital, and an £85m scheme to provide a 474-bed hospital in Carlisle. The schemes are expected to provide models for future hospital projects in the same way that the first two PFI prison schemes at Bridgend and Fazakerly have provided templates for other prison projects.

Capital investment forecasts accompanying last week's UK Budget reveal the gap between PFI expectations and delivery that still has to be closed. Anticipated spending by the private sector through the PFI has fallen further, despite the government's re-vamp of the initiative.

This year and next the government is expecting to deliver only £4.5bn of projects against projections of £6.2bn which it inherited.

*Jenny Price, chief* executive of the Major Contractors Group, which represents Britain's big builders, said the fall in projected PFI deals "probably reflects the way the government has prioritised projects, and that is a sensible policy. It is working. Deals are coming through in health, slowly and painfully, but they are coming through. But what the market badly needs is reassurance that there will now be a steady flow of projects.

"The figures the government is projecting now are probably not unacceptable. But the critical thing will be whether the £3bn figure for the coming year is actually delivered." The government had also to recognise, she said, that not every capital project was suitable for the PFI. Some had to be dealt with through broader public-private partnerships and "some, school roofs, for example, simply have to be done by ordinary capital expenditure because there are no service elements which makes it PFI-able."

A report from industry on the government's progress to date might read "Good work so far – but needs to do more to realise potential."

**COMPETITION FROM THE BANKS** • by Rod Morrison

# Ripples from east trigger change

## The situation today is very different from that which prevailed in 1977

Yanpet, the $2.1bn Yanpet petrochemical project financing in Saudi Arabia, is a perfect illustration of the recent boom-bust nature of the bank project finance market.

Competition among banks for the Yanpet arranging mandate was intense last summer and eventually the deal was financed at an incredibly cheap margin over Libor of 50-52.5 basis points. But by year-end, hard-hit Japanese and Korean banks in the underwriting group were selling the loan on to the secondary market at 90bp, a huge loss.

The trigger for the change was the Asian currency crisis, which hit general bank market confidence. Even before the crisis, however, there were signs the market had got beyond itself.

Project financings usually come in over 100bp and, given the cheapness of the Yanpet loan, it would have struggled under any market conditions when it got to general syndication. As it was, only a handful joined Yanpet at general syndication, post currency crisis, in the autumn.

The problem was repeated elsewhere. Last spring, Chase solely underwrote an $847m loan for the Loy Yang B power asset in Australia at a margin of 30bp over Libor for the first year. There were few takers when it came to syndication.

In 1997, banks arranging project finance loans, led by volume-driven Chase, were willing to take on greater and greater underwriting and pricing risks in order to win mandates and generate the lucrative arranging fees.

The situation now is very different. The syndication market has contracted noticeably, with the active Asian banks unwilling to take on new deals. Indeed, they have been selling assets such as Yanpet to repair balance sheets.

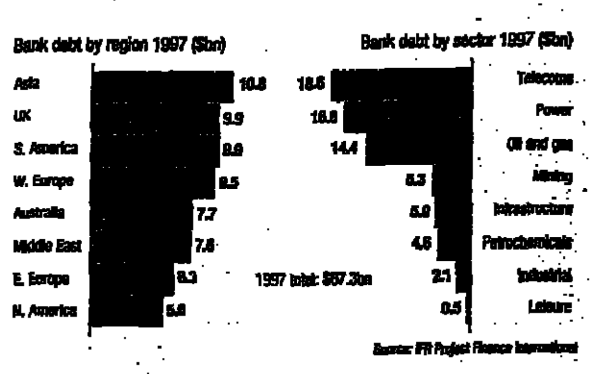
Now the idea is to mitigate rather than take syndication risk. Deals are being arranged on a club basis among a few banks. The terms of the loans are sometimes left open in order for the arrangers to test the market before committing themselves. One such example concerns the arrangers of a loan for Russian oil company Yuksi who originally agreed an $800m loan at 300bp, but had to alter it to $500m at 500bp after approaching the market.

**Project finance**

Top 10 bank lead arrangers 1997 ($bn)

| | |
|---|---|
| Chase Manhattan (1) | 8.2 |
| Dresdner-Kleinwort Benson (17) | 6.2 |
| ABN AMRO (3) | 4.5 |
| Deutsche Morgan Grenfell (20) | 3.1 |
| UBS (12) | 3.1 |
| Bank of America (13) | 3.0 |
| JP Morgan (37) | 2.9 |
| Citibank (4) | 2.8 |
| Credit Lyonnais (16) | 2.3 |
| ING Barings (9) | 1.8 |

1996 position in brackets




Source: IFR Project Finance International

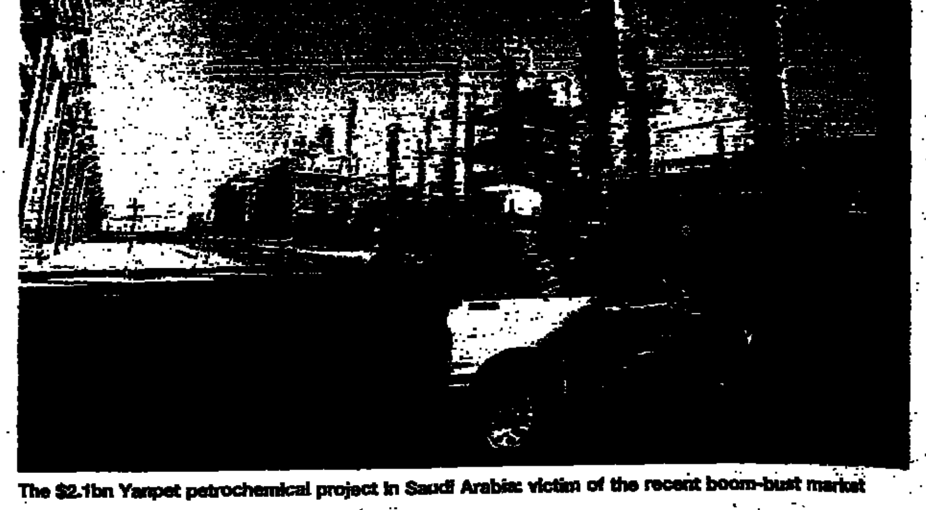
Last year therefore represented a high point of activity for project finance banks. According to the industry-standard league tables published by IFR Project Finance International, bank lending rose from $42.7bn in 1996 to $67.3bn in 1997. This figure excludes the $14bn refinancing of Eurotunnel. This year's figures will be lower.

But there is little doubt the project finance option remains popular for lenders and borrowers. Banks receiving less than 20bp over Libor for corporate loans are getting no sort of return on their assets and are constantly looking at the higher-margin business. Sponsors of projects faced with funding large capital investments on their balance sheets are keen to explore external sources of funding.

So which type of financial institution will emerge as winners in the new 1998 market? For the large cross-border $1bn-plus deals, only the large banks capable of advising and then arranging a bank or a bond deal can participate. There is a growing requirement on the part of project sponsors for their banks to be able to provide both a bank or a bond solution, or a combination of both. When the project financing comes close to signing, the sponsor is able to select the most attractive financing route.

For the smaller deals, such as private finance infrastructure deals in the US, UK or Australia, local knowledge comes much more into the frame. Local banks are picking up what appear to be attractively priced quasi-government loans. But competition for this business is increasing with new types of funders moving in, such as former building societies, the bond markets and the private placement markets.

The private placement markets can provide debt of 25 years or more, a crucial benefit to a long-term infrastructure investment. Banks are nervous about tying up capital for such a long time but are simply having to bite the bullet and compete.



The $2.1bn Yanpet petrochemical project in Saudi Arabia: victim of the recent boom-bust market

After last year's global glut of deals, the regional picture for 1998 is mixed. In south-east Asia there will be few or no new deals for some time. Most work is being carried out on restructuring existing loans.

Ironically, in the general mess, structured project financings secured on the assets of a single project could have an easier time than corporate loans secured on a local balance sheet. But the situation is not pretty.

Of the $74bn of private sector debt outstanding in Indonesia, some $9.7bn is project finance. This figure represents 7.3 per cent of the global project finance market arranged over the past three years.

Australia remains a buoyant and competitive market, while project financiers are looking closer at India and China for new business, despite the inherent bureaucratic problems in these countries. Russia and the newly independent states will offer long-term potential as they play capital investment catch-up in the oil and gas sector.

But much of the 1998 action will be in the Americas where the liberalisation of the US power market will generate huge opportunities. The improving acceptability of the Latin American markets for bankers, despite the fall-out from Asia, remains. But many deals here will be done in the bond rather than bank market.

*The author is the editor of IFR Project Finance International.*

**Capital markets finance** • by Simon Davies

# Growing pains likely as bonds come of age

## Despite growing acceptance of project bonds, the market may face turbulence

The bond market has finally become a substantial and meaningful part of the project finance armoury, but there could be some growing pains.

With the $1.2bn Ras Laffan bond issue and the Petrozuata oil project issue from Venezuela last year, the capital markets demonstrated their ability to raise large sums for complex projects in a start-up phase.

Dorothea Matthews, first vice-president at Merrill Lynch, said: "Project bonds have come of age." Of the £32bn of outstanding project bonds, more than £5bn was raised to fund projects under construction and a number of these projects achieved investment grade credit ratings.

Project bonds have been issued with ratings higher than the country sovereign rating, attracting borrowers' attention on the basis of the advantages of longer-term funding and less restrictive documentation. Meanwhile, investors have been attracted by the opportunity of getting higher yields than can be achieved from similarly rated corporate bonds.

Now that project bonds have become an accepted asset class in the US, and the credit rating agencies have become more familiar with the structures, pricing has become more aggressive, which in turn should encourage greater issuance.

Furthermore, the recent landmark Project Funding Corporation I bond issue by Credit Suisse First Boston should also broaden the scope for project financing. CSFB raised $617m by securitising a portfolio of existing project loans, releasing capital for the bank to invest in other projects or businesses.

Admittedly it was a complex and costly product, because CSFB has had to provide detailed analysis and an internal rating for each individual loan. And the loans in the portfolio were all US-based dollar earners.

Nonetheless, the bonds achieved AAA-Aaa ratings, and as investors in the asset-backed market become more familiar with the product type, it could become a more efficient means for banks to refinance loan portfolios.

However, there is one problem that could offset much of the short-term potential for the project bond market, and that is the impact of the recent Asian crisis. Ms Matthews admits that despite the growing acceptance of project bonds, the market is in for a turbulent period. "I think that issuance of certain types of project bonds is out for now. I don't think that we'll see issuance coming out of Asia unless it is at very wide spreads," she said.

Asia has already had a marked effect on the market. Investment bankers had predicted substantial growth in the project bond market last year, but CSFB estimates that issuance amounted to $9bn, the same as in 1996.

Adebayo Ogunlesi, managing director of project finance at CSFB, said: "When the Asian crisis hit in the fourth quarter, virtually all issuance stopped. The $9bn figure for the year is effectively the number for just nine months."

New investors had started coming to the market, as US fund managers searched for returns outside an increasingly low yield domestic market. But as one analyst said: "In a project bond market that was never very liquid, there is now no liquidity, and it is making a few investors nervous."

In the US, project bonds moved in line with US utilities, and Asian projects fared relatively well against their obvious benchmarks. The P.T. Paiton Indonesian power project widened by 930 basis points between mid-October and January, but the spread widened by a smaller percentage than Indonesian sovereign debt.

But the market appears set to face a test which several bankers suggest will demonstrate the weakness of bond financing for projects – namely, a substantial financial restructuring.

A number of Indonesian project bonds were sold with little theoretical currency risk, because they offered dollar revenue streams. But given the collapse of the rupiah, several projects are unlikely to be able to supply those dollars under their existing financial structures.

P.T. Paiton has already been downgraded to Caa1 by Moody's, suggesting that it is vulnerable to default, and there are several other high-risk projects.

Bankers have always claimed that the great advantage of project loans, versus bonds, was the flexibility offered by a loan, and the ability for bankers to thrash out a restructuring solution. But because there is still a relatively small pool of project bond investors, investment bankers claim there should be little difference in their ability to agree on any restructuring.

Whatever the outcome, there is likely to be a downturn in Asian activity. Mr Ogunlesi says: "The activity will shift towards Latin America, the Middle East and eastern Europe, although some of those have very strong bank markets."

And competition from banks is intensifying. The evolution of the project bond has prompted banks to offer significantly longer maturities on debt and to look at ways of streamlining covenants and matching the flexibility of the bond market.

Nonetheless, given the level of demand for infrastructure investment in the developing world, it is clear that neither bond investors nor banks alone have sufficient capital to meet requirements.

هكذا من الأصل



**OPERA** PAUL DANIEL AND THE ENO

# Out of the lion's den into the fire

**Andrew Clark** meets London's great, bright hope at the Coliseum

Glance through the programme which English National Opera announced this week for its 1998-99 season, and beneath *Otello*, *Parsifal* and five other new productions you will find a primary school residency involving 300 children. There's also a secondary school project on *Boris Godunov*, a technology and composition course for music students, a project with disabled adults, a Sixth Form performing arts workshop related to Poulenc's *Dialogues of the Carmelites*, a long-term project with the homeless, and a performance skills course based on a work commissioned by ENO's contemporary opera studio.

If you seek reassurance from Paul Daniel, ENO's music director, that these privately funded activities are peripheral to the company's state-subsidised performances at the Coliseum, you're in for a shock.

"If all we did was perform to a paying public in the centre of London," says Daniel, "I'd be quite prepared for the company to be closed down, because that doesn't give value for money. Maybe it's a redefinition of what an opera company is for. It's about giving some of your talents back to the people who are helping to fund you."

Daniel speaks with the conviction of someone who has been forced to sort out priorities. When he took up his post at ENO last autumn after seven successful years with Opera North, he had little idea he was throwing himself into a lion's den. Within three weeks his general director, Dennis Marks, had resigned. In November, he was told by Chris Smith, UK culture secretary, that ENO might have to give up its home and share accommodation with the Royal Opera and Royal Ballet at Covent Garden.

The intervening months have transformed Daniel from a promising young conductor into a leader of stature. Although he has given some excellent performances, he has not exploited the crisis to raise his own profile. He has shown a steady hand and an ability to voice the aspirations of the company. He has also gone out of his way *not* to criticise Smith for his draconian response to the problems facing ENO and Covent Garden.

At first, some commentators saw this as a tactical error. It now seems his non-confrontational approach has paid dividends. ENO has been carried aloft on a tide of public support, which is likely to be acknowledged by Sir Richard Eyre in his forthcoming report on opera and ballet provision in London.

Daniel believes ENO itself was partly to blame for Smith's proposal that the company should move out of the Coliseum: it had already commissioned a study, with Arts Council funding, into the possibility of moving to a purpose-built theatre. "To a certain extent, Chris Smith thought he was giving us a helping hand. We had moaned and groaned about the Coliseum to the point where it became difficult to see how important it was as a home," he says.

"His announcement was based on putting together a lot of elements and second-guessing what would be best for all of us. The government has made clear there will be no rise in subsidy, but I know for sure it does not want to dismantle opera at a national level."

Paul Daniel: 'If all we did was perform to a paying public, I'd be prepared for us to close down' Snowdon

So how should ENO react to the diminishing role of the state in funding its activities? Daniel outlines three possible responses. It could cut the number of new productions, maximising box-office to the detriment of artistic output. Or it could market itself like a commercial West End theatre.

A third option, and the one preferred by Daniel, is to take a harder business view of the way the company works – what he calls "trading out of the bend instead of putting on the brakes. Of course, an opera company like ENO doesn't look at a profit-and-loss account except in terms of how many people it has touched. We've always seen ourselves as something special – we're subsidised, we can do different work, better quality.

"But the actual way we run the business is the same as running a commercial venture. The subsidised arts are very much in early childhood in these terms. We must learn to cost every performance in terms of the contribution it makes to the overall budget."

On that score, Smith's announcement has probably helped the company to sharpen its act. Daniel says ENO has never had a better chance to shout about what it does – and its audience has never had a better chance to demonstrate its loyalty. But this sort of crisis-response cannot last indefinitely. Daniel believes that with less to spend on core performances, the company must explore alternative avenues of work. He wants Eyre to acknowledge the value of ENO's extramural activity.

"It's vital he understands our community and education work in London boroughs. We want him to recognise the importance of what we do in replacing what has disappeared from the music syllabus in *schools. It's* important he understands how we share our talents, helping people to learn to sing and act, how to design sets and costumes, make wigs and work as a répétiteur."

Daniel sees these activities as "a contract with the people who fund us". He believes words like "*outreach*", "*education*" and "contemporary" should be central to the work of an opera company. "It's not just because the money is flowing towards you and you've got to give something back – "thank you very much for helping to pay my salary". It's because you've developed your talent through the education system, and you can inspire some of the people who don't necessarily want to come into a theatre."

Daniel says youngsters who have their first encounter with opera through ENO's community outreach are every bit as valuable as its regular West End audience.

"*Just because we happen* to function at the Coliseum, and box-office income, after public subsidy, is the most important element that keeps us going, it doesn't mean we should be content to sit in the pit and play to 2,500 people each night. That's not enough people, and not enough different types of people. People in Newham or Hackney who believe they're somehow excluded unless they wear a black tie – they're not peripheral."

So should ENO think of itself as "the people's opera"? Daniel winces. "That's patronising and offensive. It suggests we have to help them understand something that is a little bit beyond them, by making it easier. Our job is to put on the operas we as an ensemble are ready to do and want to do."

# But what about the songs?

POP

**PETER ASPDEN**

**Pulp**
**This Is Hardcore**

The new album from Pulp, *This Is Hardcore* (Island), comes equipped with a warning – "Please do not read the lyrics while listening to the recordings" – which hints at a new-found seriousness.

This is not necessarily good news. The group's notorious lead singer, Jarvis Cocker, has always been at his best playing the flip, ultra-cool jester, a man of *louche* put-downs and ironic barbs, not to mention an immaculate taste in how to behave at awards ceremonies.

On *This Is Hardcore*, he strives for something more. From the dark chords of the opening "The Fear", we are in a tawdry world of sleaze, obsessiveness and loveless eroticism. Cocker's vignettes are intimate; yet his ambitions are epic. "They say the future's beginning tonight. Whole empires will crumble. Civilisations will fall," he sings on "The Day After the Revolution", before stumbling across an affecting realisation: "The revolution begins and ends with you."

*But amid all this clever*ness, somebody has forgotten about the songs. There are no memorable hooks, no "Common People" or "Sorted for Es & Whizz" on *This Is Hardcore*; Cocker and his cohorts rely entirely on cinematic effect and a vaguely retro soundscape to achieve their vision, and they are simply not enough.

On "The Fear", for instance, a tense, claustrophobic build-up is totally dissipated when a Mott the Hoopla girlie chorus joins in, and the John Barry-esque orchestration seems little more than a gratuitous nod to the 1970s revivalism.

"Dishes" has Jarvis in modest, and observant mood: "I am not Jesus though I have the same initials – I am the man who stays home and does the dishes." Throughout the album, Cocker cannot resist this penchant for bathetic couplets, somewhat undermining his worthier intentions: "I used to do the I Ching/ but then I had to feed the meter"; "Oh we were brought up on the Space Race/ now they expect you to clean toilets", he quips, rather too self-consciously, on "Glory Days".

Preferable by far is the butch Bowie baritone he affects on "Party Hard", the only song on the album with a muscular riff to match the knowing, hedonistic lyric: "I was having a whale of a time until your uncle Psychosis arrived."

After the slight former single "Help the Aged", which aims for quirky and poignant but falls completely flat (at least "When I'm Sixty-Four" had a tune), comes the centrepiece and title track, and here at least the bleak melodrama comes good.

A sample from "Bolero On the Moon", by the Peter Thomas Sound Orchestra, wafts cheesily over a thumping backbeat, establishing a sinister, *noir* mood. Cocker's vocals, for once, sound like he means it: "It's what men in raincoats pay for but in here it is pure."

But following this rare moment of successfully realised grandeur, the rest of *This Is Hardcore tails off* badly. Only "Seductive Barry" comes close to matching it, another story of snatched eroticism and longing for love, told with menace and yearning.

If nothing else, *This Is Hardcore* is an album of impressive ambition, less flip than *Different Class*, but also less satisfying. Stripped of its four weakest tracks (once again, one is left cursing the CD technology that seems to demand that albums come in at 70 minutes), it would make a much more coherent package.

As it is, one is left looking for scraps. One of these comes at the end of the portentous final track, "The Day after the Revolution", when Cocker announces, with apparent solemnity: "Irony is over." Even as a glib fashion statement, that one sounds improbable.

# An immaculate ensemble

THEATRE

**ALASTAIR MACAULAY**

**Uncle Vanya**
**RSC/Young Vic**

Almost at no juncture in the new RSC/Young Vic production of Chekhov's *Uncle Vanya* does anyone take centre stage; and that – like so much else about Katie Mitchell's staging – is just as things should be in Chekhov. The audience sits on four sides, and again and again eyes have to turn from this point of the stage to that. The geometries between characters are invariably asymmetrical, multi-faceted, expressive.

With this playwright, all is relative. "As for myself," says Yelena in David Lan's new version of the famous play. "I'm of no importance in this story. I'm a minor character – here in my husband's house, in these love affairs, even when I play my music . . . I'm a minor character in my own life." The same might be said by every character onstage.

Except that some characters – notably Yelena – become disconcertingly central to other people's lives. As Astrov says to her: "You turn up with your husband. Suddenly we all throw down whatever we're doing for the whole summer, we can think about nothing but your husband's gout and you . . . Wherever you and your husband appear, destruction follows." In this production, she is often called by the French version of her name, Hélène. And, listening to these lines – I write immediately after the première – I begin to guess for the first time why Chekhov gave her that name: Yelena of Troy.

But the intense emotions here – comedy and heartbreak are so often locked ironically together in a sentence – are hardly more telling than other features: the idle conversation, the *echt* Chekhovian non-sequiturs, the way the characters take their tea from the samovar and drink it (none too enthusiastically), the absorbing portrait of the humdrum routine of country life.

The *poshlust*, the triviality and ennui of provincial life that Chekhov knew so well how to convey, is wonderfully caught here. There is no twilight-of-the-Romanovs glamour here; the designer, Vikki Mortimer, has updated the production to the mid-20th century, and Shostakovich chamber music is played between acts.

Paule Constable's lighting creates one simple beauty after another, and Steff Langley perfectly judges the offstage sound that so eloquently reminds us of the larger world offstage.

I especially admire this production's extreme lack of theatrical contrivance: one or two exits and entrances that seem invariably in other productions to be played like operatic tirades are here rendered conversationally, even *sotto voce*.

This would not succeed were it not for an exceptional cast. The marvellous Stephen Dillane – whose Uncle Vanya is his finest achievement to date, and who is the best Uncle Vanya I have ever seen onstage – is an actor who can convey distress, depression, pain, even mounting hysteria, with often just a thread of voice, and without moving.

Mounting hysteria: Stephen Dillane as a fine Uncle Vanya Alastair Muir

The anguish of his big Act Three outburst against Serebryakov is conveyed with matchless economy: each edge, or colour, in his voice, each crumpled angle of his torso, each wretched gaze of his sad dark eyes says more than the ranting *fortissimi* and gesticulations of several other Vanyas. And his touch is light: indeed, in the first three acts, he has mordant humour and good sense.

He is frequently matched by Linus Roache as Astrov. After a slightly underpowered beginning, Roache delivers a beautifully seductive and funny account of the doctor's self-contradictory combination of irony, humour, solicitude, pessimism and energy.

Anastasia Hille, who has played so many larger theatres in recent years, here fines down her technique to its most intimate (sometimes speaking too inaudibly) and gives us a Yelena of striking indecision and melancholy fretfulness. Jo McInnes catches Sonya's paradoxical blend of misery and optimism with very touching simplicity; her softest cry of "Nanny" near the climax of Act Three is heart-catching. The whole cast plays in immaculate ensemble.

At the very end, Mitchell does place Vanya centre stage, and almost all he does is listen. Sonya speaks to him of hope and the future; and the determined lyricism of her speech keeps washing over him as he listens in unmoving misery. His mother, to one side, writes at her desk; their nanny knits a sock on another side; and the impoverished landowner, Telegin, the most completely failed character in the play, starts stirringly to strum his guitar. Vanya is central here – Vanya Agonistes – but everything around him says that life will continue, that work will carry us, that hope may dawn again.

**Young Vic until May 2.**

# INTERNATIONAL Arts Guide

## AMSTERDAM

**DANCE**
**Het Muziektheater**
*Tel: 31-20-551 8911*
Dutch National Ballet: Romeo and Juliet. Rudi van Dantzig's 1967 version, set to Prokofiev's score. With sets and costumes by Toer van Schayk; Apr 3, 4, 5

**EXHIBITIONS**
**Van Gogh Museum**
*Tel: 31-20-570 5200*
Utagawa Kuniyoshi (1797-1861): Heroes and Ghosts. Survey of work by one of Japan's leading 19th century printmakers. Includes more than 150 prints, paintings and drawings; ends on Sunday

## BALTIMORE

**EXHIBITIONS**
**Walters Art Gallery**
*Tel: 1-410-547 9000*
● Masters of Light: Dutch Painting from Utrecht in the Golden Age. Brings together 74 works produced *by painters working* in Utrecht in the first half of the 17th century; ends on Sunday, then transfers to London

● *Monet: Paintings of Giverny* from the Musée Marmottan. 22 paintings of the famous gardens; to May 31

## BERLIN

**DANCE**
**Staatsoper unter den Linden**
*Tel: 49-30-2035 4555*
*www.staatsoper-berlin.org*
Tanzstunden: ballet triple bill, to music by Henze; Apr 4

**OPERA**
**Staatsoper unter den Linden**
*Tel: 49-30-2035 4555*
*www.staatsoper-berlin.org*
Die Meistersinger von Nürnberg: by Wagner. Harry Kupfer's new production is conducted by Daniel Barenboim and Sebastian Weigle; Apr 5

## BOLOGNA

**OPERA**
**Teatro Comunale**
*Tel: 39-51-529 999*
*www.nettuno.it/bo/teatrocomunale*
Don Carlo: by Verdi. Co-production with the Grand Théâtre de Genève, conducted by Eliahu Inbal in a *staging by Andrei Serban; Apr 3, 5*

## FRANKFURT

**CONCERTS**
**Alte Oper**
*Tel: 49-69-134 0400*
Joan Rodgers: recital by the soprano, accompanied by Roger Vignoles; Mozart Saal; Apr 5

## HELSINKI

**OPERA**
***Finnish National Opera***
*Tel: 358-9-4030 2211*
The Magic Flute: by Mozart. New production by Swedish director Etienne Glaser, designed by Peter Tiliberg. Conducted by Mikko Franck; Apr 4

## LONDON

**CONCERTS**
**Royal Festival Hall**
*Tel: 44-171-960 4242*
● London Philharmonic Orchestra: conducted by Ingo Metzmacher in works by Debussy, Turnage and Stravinsky. With saxophonist Martin Robertson; Apr 3
● BBC Symphony Orchestra: conducted by Jukka-Pekka Saraste in the UK premiere of Per Norgard's Symphony No. 2, and works by Arvo Pärt and Sibelius. With the Hilliard Ensemble, piano soloist Leon McCawley and the BBC Symphony Chorus; Apr 4

**EXHIBITIONS**
**Hayward Gallery**
*Tel: 44-171-261 0127*
*www.hayward-gallery.org.uk*
● Francis Bacon (1909-1992): The Human Body. Brings together *important works dating from 1945* to the mid 1980s, selected by art critic David Sylvester and loaned by major collections throughout the world; ends on Sunday
● Henri Cartier-Bresson: Europeans. Exploring changes from the 1930s to the 1970s, through the eyes of the photographer; ends on Sunday

**OPERA**
**English National Opera, London Coliseum**
*Tel: 44-171-632 8300*
● La Bohème: by Puccini. Steven Pimlott's production is revived by Barry Atkinson and Frances Moore, and conducted by Alex Ingram; Apr 4
● The Tales of Hoffman: by Offenbach. New production by Graham Vick, designed by Tobias Hoheisel and conducted by Paul Daniel/William Lacey. Cast includes John Tomlinson; Apr 3

## LUCERNE

**CONCERTS**
**Easter Festival**
*Tel: 41-41-226 4480*
*www.LucerneMusic.ch/*
● Munich Chamber Orchestra: conducted by Karl-Friedrich Beringer, with the Windsbacher Knabenchor, in Bach's Mass in B minor; Jesuitenkirche; Apr 3
● The English Concert: Trevor Pinnock conducts Bach's St. John Passion, with soloists including tenor Ian Bostridge; Jesuitenkirche; Apr 4
● Thomas Zehetmair: recital by the violinist of works by Bach; Franziskanerkirche; Apr 4
● St. Matthew Passion: *conducted by Alois Koch. With* singers including the Lucerne Music College and Choral Academy; Jesuitenkirche; Apr 5

## MADRID

**EXHIBITIONS**
**Fundació "la Caixa"**
*Tel: 34-1-435 4833*
Rembrandt: The Human and the *Natural Landscape. Previously* seen in Barcelona, 91 etchings from the Rembrandt House Museum in Amsterdam; ends on Sunday

## MILAN

**OPERA**
**Teatro alla Scala**
*Tel: 39-2-88791*
*www.lascala.milano.it*
Linda di Chamounix: by Donizetti. Co-production with Vienna Staatsoper conducted by Roberto Abbado in a staging by August Everding; Apr 3

## MUNICH

**CONCERTS**
**Philharmonie Gasteig**
*Tel: 49-89-5481 8181*
● Bavarian Radio Symphony Orchestra: conducted by Lorin Maazel in works by Ravel, Barber and Stravinsky; Apr 3
● Rundfunkorchester des Bayerischen Rundfunks: conducted by Garcia Navarro in extracts from operas by composers including Puccini and Wagner. With soprano Gabriele Schnaut; Apr 5

## NEW YORK

**OPERA**
**New York City Opera, New York State Theater**
*Tel: 1-212-870 5570*
*www.nycopera.com*
Emmeline: premiered in Santa Fe in 1996, Tobias Picker's opera is presented here in the same production by Francesca Zambello, with sets by Robert Israel. Based on Judith Rossner's novel, J.D. *McClatchy's libretto is a version of* the Oedipus myth set in New England. The cast includes Patricia Racette and the conductor is George Manahan; Apr 4

## ROTTERDAM

**EXHIBITIONS**
**Kunsthal**
*Tel: 31-10-440 0300*
Henriette Ronner-Knip (1821-1909): Cat Paintings from the Belle Epoque. Selection of works by the painter of cats, who was also the first woman artist admitted to the Amsterdam artists' society, Arti et Amicitiae; ends on Sunday

## TOKYO

**CONCERT**
**Bunkamura**
*Tel: 81-3-3477 9999*
New Japan Philharmonic: conducted by Mstislav Rostropovich in works by Shostakovich, with violin soloist Maxim Vengerov; Orchard Hall; Apr 3

## TORONTO

**EXHIBITIONS**
**Art Gallery of Ontario**
*Tel: 1-416-979 6656*
● *Julia Margaret Cameron: The* Creative Process. 90 works by the Victorian photographer, lent by the Getty Museum in L.A. Traces Cameron's career from 1864, and includes studies of famous contemporaries; to May 3
● The Warhol Look/Glamour Style Fashion: previously seen in New York, this major retrospective includes around 500 works of art, *tracing Warhol's career from the* 1940s to the 1980s and beginning with a consideration of his early fascination with *Hollywood* glamour; to May 3

## WASHINGTON

**CONCERTS**
**Kennedy Center**
*Tel: 1-202-467 4600*
National Symphony Orchestra: conducted by John Nelson in Fanfare for Israel, by Ben-Haim. *The programme is completed by* Mendelssohn's Piano Concerto No. 1, with pianist Helen Huang, and the US premiere of Schoenfeld's De'vorah; Concert Hall; Apr 3, 4

## TV AND RADIO

● **WORLD SERVICE**
BBC World Service radio for Europe can be received in western Europe on medium wave 648 kHZ (463m)

**EUROPEAN CABLE AND SATELLITE BUSINESS TV**

● **CNN International**
Monday to Friday, GMT:

**06.30:** *Moneyline with Lou Dobbs*
**13.30:** *Business Asia*
**19.30:** *World Business Today*
**22.00:** *World Business Today Update*

● **Business/Market Reports:**
05:07; 06:07; 07:07; 08:20; 09:20; 10:20; 11:20; 11:32; 12:20; 13:20; 14:20.

*At 08:20 Tanya Beckett of FTTV* reports live from LIFFE as the London market opens.

PHILIP STEPHENS

# European muddle

**Tony Blair, Europe's man of the moment, may find it awkward on the sidelines as the single currency gathers pace**

Europe is treating Tony Blair kindly. The presidency of the European Union gives Britain's prime minister a platform. His popularity at home casts him as the Zeitgeist. He speaks more than passable French. And he is paraded as a role model for Gerhard Schröder, the SPD's energetic challenger to Germany's chancellor Helmut Kohl. He should enjoy it while he can. It will not be ever thus.

We are four weeks from the launch of the euro. Mr Blair, no doubt, will do a professional job of chairing the crucial Brussels summit on May 1. The British make good umpires. The occasion will invite memories of Geoffrey Howe's adroit handling of the first, acrimonious, realignments of currencies in the exchange rate mechanism.

This will be a most awkward moment for Mr Blair, though. As fate would have it, the summit coincides with the first anniversary of his election victory. That marked him out as Europe's coming man. The single currency will cast him in the role of onlooker. After so much adulation, Mr Blair will find it uncomfortable on the sidelines. But preserving the pound carries a price. Umpires are not invited back to the dressing room.

Sterling's destructive appreciation adds an unwanted poignancy. Gordon Brown offers stability as the leitmotif of his chancellorship. Therein lay the rationale he gave last autumn for ruling out participation in the single currency during this parliament. Britain needed a breathing space to put its economic house in order.

Since then, the pound has risen a further 6 per cent. Mr Brown has discovered (some of us did mention it at the time) that sterling cannot be treated as a residual in the economic affairs of the nation. Yet I do not recall a let-out clause to exculpate the chancellor should a wayward pound wreck his carefully laid plans. History runs against him. Benign neglect of the exchange rate is a policy that has failed as many times as it has been tried.

It has been heard said, of course, that Britain should rejoice in a robust currency. It should wear the pound as a badge of national pride. It attests to the underlying strength of the economy. Much better than a euro destined to be afflicted with chronic anaemia.

Nothing changes. I seem to recall that much the same was said 10 years ago when the exchange rate was last climbing beyond DM3.00. Then, the Lawson boom was mistaken for an economic miracle. We know what happened next. Now, as then, sterling may continue to appreciate a while. That would serve only to increase the perils of its eventual fall.

The challenge of the euro, though, reaches beyond short-term economic management. It demands the prime minister add substance to his European policy. Signing the Amsterdam treaty and opting in to the social chapter were steps in the right direction. They do not amount to a strategy. In short, the prime minister must decide what precisely he wants from Britain's place in the EU.

It is taken as a given in Whitehall that, outside the euro, Britain's influence will diminish. When Dominique Strauss-Kahn, France's mischievously candid finance minister, remarks that Mr Blair cannot lead from the margins, he is pouring salt into an open wound. Even now, the full weight of British diplomacy is being deployed in an effort to delay the first meeting of the Euro-X club of single currency finance ministers – simply to spare Mr Blair's blushes during June's Cardiff summit. Privately, the question the government asks of itself is just how much influence will be lost, and how much of it might later be recouped?

There is, though, a preceding question. What is the policy towards the single currency? Messrs Blair and Brown agree it is not a controversy to be stirred during the presidency. Better to defer a confrontation with Rupert Murdoch's Europhobic newspapers. But what happens beyond the summer? I see a lacuna.

I have heard it said that, on a good day, Mr Blair speaks as if the matter is decided. Sterling will be scrapped soon after the election. The outstanding issues are one of tactics and timing. Yet his public caution comes through in his private musings. Mr Brown sees the autumn as the moment to step up the pro-euro campaign. Mr Blair prevaricates. These things have to be handled with care. It has become a favourite phrase of the prime minister.

Let's take on trust, though, that on this most sensitive issue he has resolved more than he is telling us. What of the rest of his European policy? There are two set texts – the first a speech in the Hague delivered in January and the second his address last month to the French national assembly. I have read them both with care. I am little the wiser.

This is not to say policy has not changed. Along with the Conservatives, the paranoia has gone. Mr Blair's cabinet is non-ideological on these matters. Robin Cook, the foreign secretary, was once dubbed a sceptic. Yet he can remark that, once the euro is established, Britain will be hard-pressed to remain outside. Jack Straw, the home secretary, has also had his doubts about integration. Now he is examining without prejudice the merits of opting in to some of the Schengen agreement.

Mr Blair has also made glancing reference to the thorny question of pooling national sovereignty. Sometimes the pluses cancel out the minuses. The theme has been developed by Peter Mandelson, the minister without portfolio. We may mock Mr Mandelson about the Millennium Dome, but his is the thoughtful voice on questions European.

What's missing from Mr Blair's speeches is a sense of strategic grip. The tone is awry. The proselytizing about New Labour's third way and the hug-ins with Bill Clinton are calculated to irritate (remember the hubris that led Margaret Thatcher to claim she would shape Europe in her own image?). I am baffled anyway as to why Mr Blair emphasises his project's Anglo-Saxon ancestry. The third way bears more than a passing resemblance to a revamp of the continental social democrat model. The Brown welfare-to-work blueprint owes more to Scandinavia and the Netherlands than to Wisconsin.

The Atlanticist rhetoric adds to the confusion about the underlying purpose. What does Mr Blair want from Britain's relationships with France, Germany and Italy? How does he see the shape of the Union beyond Emu and enlargement? Is a common foreign policy a worthwhile ambition? Where might further integration be a good idea? I am not sure Mr Blair has the answers. Yet it seems curious to remind him that those who would lead must settle upon a destination. Or perhaps none of this counts against the risk of upsetting the punters before the election?

# LETTERS TO THE EDITOR

## Shift emerging markets default risk to large private lenders

*From Mr John Azzi.*

Sir, The challenge laid down by Professor Stiglitz ("Boats, planes and capital flows", March 25) in his wonderful contribution on the volatility of short-term capital flows and their destabilising effect on emerging markets, which are "like rowing boats on an open sea", is for "investors, emerging markets and the international financial community ... to consider a third policy response: towards international capital flows".

As a mere interested observer of the east Asian crisis and its causes, it struck me that perhaps there is one simple means of reducing the vulnerability of emerging economies to vacillations in international flows. This is to shift the risk of default on to the large private lenders which imprudently permit the use of short-term capital to shore up loan commitments and foreign direct investments (FDI) in emerging markets. Such a system could effectively substitute for thin capitalisation rules, which limit tax deductibility for interest paid by a foreign controlled domestic company.

Arguably, the above proposal is not too dissimilar from the private guarantee system advocated by Messrs Petri and Ely ("A way out of bad banking", March 26) whereby "an individual bank would negotiate a prudential regulatory contract with an ad hoc syndicate of voluntary guarantors"; except that my proposal would entail both government and market-based regulatory controls.

Governments would be required to introduce regulations that determine when a lender is liable for the borrower's default (for example, where the short-term loan exceeds 15 per cent of the value of the FDI), and market-based controls would determine the relevant criteria for prudential lending in emerging markets (for example, recommending an appropriate interest rate that reflects the systemic risk).

After all, it is in the vested interest of the international financial community that lenders are more prudent when investing in emerging markets, and that investors take more of an interest in the long-term financial viability of the projects they back. Moreover, the beauty of the above proposal is that it comfortably accommodates the International Monetary Fund's five lessons on crisis prevention, (highlighted in Stanley Fischer's Personal View, March 30).

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The Netherlands

## UK's fiscal tightening probably inadequate

*From Malcolm Bruce MP.*

Sir, Your leader ("Sterling in another world", April 2) indicates that you believe that the Treasury has tightened fiscal policy enough, and that interest rates should now probably rise to avoid inflationary risks.

You are, perhaps, being a little too kind to the government in two respects. First, much of the fiscal tightening has come in areas which have had little effect on consumer demand in the short term – taxes on savings and businesses, lower than budgeted public expenditure and so on. When the chancellor was asked by the Treasury Select Committee this week to list the actions, which he has taken to dampen consumer demand, he could only point to a reduction of mortgage tax relief (which is only just taking effect), a reduction in tax relief via the married couple's allowance (which takes place in 1999 with the proceeds spent on child benefit), higher stamp duty on highly priced properties and higher petrol tax. These measures will have only a very limited effect on consumer demand.

It is also regrettable that the chancellor's commitment to stability in fiscal policy and inflation has not yet been matched by a firm commitment to stability of the exchange rate, in terms of Britain's early entry into the single currency.

Where you may be right is that, given the government's policy inaction in the above two areas, the Bank of England may soon have little choice other than to tighten monetary policy further if there are not convincing signs of a slowdown in the non-manufacturing economy. Such a move would reflect the present asymmetric risk of allowing the expansion to generate serious inflationary pressures. Also, given the present dangers both of inflation or recession, which the government's one-club approach have caused, it is also true that interest rate changes now at least have the merit that they can be reversed quickly once the economic slowdown is finally confirmed.

Malcolm Bruce,
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## A childcare monster in the making

*From Mr Cyril Aydon.*

Sir, Martin Wolf ("The mummy state", March 31) is too mild in his criticism of the UK government's proposed childcare credit. Consider two women: Home-loving Harriet, who is childless, and is thinking of applying for a newly advertised job paying £150 a week; and Go Go Glenda, who is at home with a small child, and who would prefer to work, but cannot afford childcare.

Glenda persuades Harriet to register as a childminder, takes the £150 a week job herself, and leaves her child with Harriet, for which she receives a subsidy of £100 a week. The result? No work is created: one woman works and one minds the child, as would have happened anyway. The only difference is that a child who would have been with her mother is now with a childminder, and the taxpayer forks out £100 a week to make this highly questionable arrangement possible.

I accept that Glenda may be better at this rather low-paid job, and that to that extent there may be an argument for freeing her to do it. But at the cost of £5,000 a year of public money; and the loss to her child of an only parent to full-time work?

This is madness. If the government is in a mood to write blank cheques with taxpayers' money, why does it not just pay Glenda £100 a week to look after her own child?

Where is the sense in wringing our hands about the supposed scandal of housing benefit, when we are planning to create a monster like this?

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PERSONAL VIEW GERALD SEGAL

# Time to look west

**Asem will only be taken seriously on the world stage if Asian economies start to play by western rules**

The true value of multilateral gatherings is best judged in times of crisis. Today, London plays host to the Asia-Europe meeting (Asem), a gathering of heads of government from 10 Asian and 15 European states.

The meeting will surely fail. Behind the usual diplomatic communiqués – which will be full of praise merely for the fact of the meeting – will lie a big missed opportunity.

It is hard to imagine Asem making any effective contribution to resolving Asia's economic crises. It is unlikely that it will even seriously enhance Asia-Europe co-operation. This has little to do with the effectiveness of the diplomacy of the hosts, and far more to do with the disarray in Asia and the mistaken belief that the crisis is simply economic.

The first Asem – in Bangkok in March 1996 – was born out of Europe's fear of being shut out of Asia's economic boom. It also watched anxiously as Asian economic co-operation developed with the US. The agenda was set largely by East Asians confident in allegedly distinctive "Asian values" and their new form of capitalism. In the face of such euphoria, Euro-cringe meant that eyes were held firmly shut at the sight of the political and other problems in Asia that would eventually lead to the crash of 1997.

Asem was mainly about raising economic consciousness about Asia in Europe. Tentative attempts, mostly by northern Europeans, to raise political and security issues were rebuffed.

Asia's crash took Asem's flimsy edifice with it. The trouble is that Asem's effectively politics-free agenda leaves little room for the crucial understanding that a return to economic health in Asia demands political as well as economic reform. Transparency and trust in a financial sector, for example, requires more transparency and pluralism in the political system. Moreover, Asem's economics-in-command agenda is vulnerable to a simple fact: non-Japan Asia accounts for less than 7 per cent of world trade. Given this, Europeans might well be forgiven for wondering whether they paid too much attention to south-east Asia or even China.

As tempting as it may be for Europeans to turn their back on Asia, at least for the next few years, it would be a mistake. Asem can still prosper if it adopts a three-part agenda.

The most important change must be to put the politics of Asia-Europe relations much more at centre stage. This is a matter on which western Europeans can make a difference. They are already providing political assistance to eastern Europe to create better legal systems, more robust non-governmental organisations, stronger press freedoms and so on. A version of that package could be replicated for Pacific Asia.

Second, such political reform would require social changes. At the moment, too many Europeans have concentrated on, for example, learning lessons from Asian education systems. It would be better if the two sides pooled their knowledge about best practice in matters such as higher education, information technology and environmental policy.

Third, Asians and Europeans need to appreciate that regionalism is not an alternative to globalisation even if it operates on the big scale of Europe and Asia. There is no Asian solution, for example, to Asia's economic crisis.

A more forward-looking strategy would be an Asem that, for example, agrees to match any trade liberalisation measure agreed in Apec (the Asia-Pacific Economic Co-operation forum, of which the US is part). This would help integrate the decisions taken in both bodies into the World Trade Organisation.

Similarly, Asians and Europeans cannot protect themselves from the tidal waves of international financial flows through regional pacts. Asem's small-scale initiative, to be announced at the summit, for a "know-how" fund for domestic Asian financial reform is a step in the right direction precisely because it will be operated through the World Bank and not through a regional organisation. By helping ensure that Asem states do not seek ways to opt out of the global economy, Asem will be helping to keep the US honestly committed open multilateralism.

Such an Asem agenda requires a new honesty about where power lies. There is no "miracle" in Pacific Asia; the notion of a "Pacific Century" remains a chimera. South-east Asians who sought to lead the Asem process have, through economic failure, lost their right to lead it. Japan has yet to prove it can lead Pacific Asia towards a more effective role in the global system.

The fact is that power still lies outside the Pacific. Institutions created and run by the west, such as the International Monetary Fund and the World Bank, formulated the responses to Asia's crises. American and European banks organised the terms of rescues.

Asem will not be taken seriously unless its agenda is radically revised. Much of the economic agenda can be left to the markets to manage. An inclination to manage the market helped create the kinds of crises Pacific Asia is now experiencing.

Putting more emphasis on the political and social roots of reform is essential, even if the plain speaking about crony capitalism and human rights will be considered uncouth. It is neither schadenfreude nor neo-imperialism to argue that Pacific Asia and Asem will only flourish if Asians undertake the political and social reforms that make them better able to compete in a global economy with more open – and, yes, western – rules.

One world: Asia and Europe must appreciate that regionalism is not an alternative to globalisation
Picture Sarah Murray

*The author is director of studies at the International Institute for Strategic Studies and director of the UK's Pacific Asia programme. He was rapporteur for a recent British Council meeting of young Asem leaders.*

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FINANCIAL TIMES

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Friday April 3 1998

# Tobacco deal up in smoke

The US tobacco industry must be feeling foolish. Last year it negotiated a $369bn deal with the state governments to settle all outstanding lawsuits.

Yesterday, the Senate Commerce Committee agreed a draft law, which would cost the industry $600bn in taxes and penalties over 25 years and give it flimsy protection against private lawsuits. The original deal appears to be in ruins, but it should not be mourned. It was deeply flawed on several counts.

First, as a report by the Federal Trade Commission showed in September, it would have raised considerably less money than the states had hoped. This was because higher cigarette prices needed to finance the settlement would reduce consumption; and the benefits to the public sector were related to the volume of sales.

Second, the five dominant tobacco companies might have used the agreement as cover for a cartel, raising prices by more than was needed to finance payments to the states. Since demand for tobacco is relatively inelastic, the industry stood a good chance of rebuilding its profits by price rises. Tobacco shareholders might thus have benefited from the deal, quite the opposite of what had been expected by states which were suing them.

Now there seems to be a greater realisation on Capitol Hill that the industry could adjust to higher prices, as it has done in Europe. Cigarette prices in the US are, for example, some 60 per cent below those in the UK, so there is plenty of scope for tax increases. This, in effect is what Congress is likely to impose. As Al Gore, the US vice president, remarked recently, the tide of opinion has turned. There is now widespread public support for anti-tobacco measures on health grounds.

Increasing taxes is a much better way to reduce consumption and defray the costs of tobacco-related illnesses than resort by the states to expensive and uncertain litigation. And it makes more sense to protect teenagers by legal restrictions on advertising (if the US constitution allows this, a still unresolved question) than to do it as part of an out-of-court settlement.

Under the proposed law, the tobacco industry would be left exposed to large damages from class actions by consumers, despite a provision to cap its liabilities in any one year. Congress might usefully look again at this issue.

Citizens must not be deprived of the right to seek legal redress. But the industry could be offered some increased protection against punitive damages in exchange for paying, via the tax system, its full dues to society.

# Legitimise Emu

Until yesterday, there was a cloud hanging over enthusiasts of economic and monetary union. That cloud was a challenge to the legitimacy of Emu put to the German constitutional court, which could have delayed its start. The court's outright rejection of the challenge removes that obstacle, leaving Emu virtually unstoppable. But questions of political legitimacy could come back to plague a single-currency Europe.

Eurosceptics have claimed that Emu is the first step toward political union. This, of course, is exaggerated. But there will be more centralisation of power than some are expecting. A single currency not only requires a single monetary policy, run by the European Central Bank (ECB). It also requires a greater co-ordination of policies at the European level. The trick will be getting the balance right.

The ECB will be a new, untried institution, working under intense scrutiny and contending with huge uncertainties. Transparency will therefore be crucial, but the requirements in the ECB's constitution are minimal. The ECB should go much further than that minimum. Publication of minutes is a must, and regular publication of a detailed economic assessment would be highly desirable.

Such a powerful institution must also be accountable. The European Parliament must use its powers to the full, for example by calling in ECB executive board members to justify their decisions.

And the Euro-X committee will have an important role to play. It must ensure that the ECB's monetary policies and national governments' fiscal policies work together rather than at cross purposes. It should play an active part in the debate over monetary policy, particularly as the ECB, in its early years, may have strong hawkish tendencies as it establishes its reputation. The committee must be weighty enough to carry out this role effectively.

Political pressures are most likely to arise over fiscal policy, as the Stability and Growth Pact starts to bite. There may be a push for greater co-ordination of tax policies. Public resentment against these decisions being taken at European level could easily build up, and will be especially fierce if the apparatus of monetary union lacks public support.

So long as the European economy does well, the institutional set-up will probably not be challenged. The problems will arise when adjustment to the single currency exacerbates economic difficulties. Unless it sets out to establish widespread political credibility from the outset, the euro project will be unable to gain the public faith it needs.

# Irish endgame

The emergence of what Bertie Ahern, the Irish prime minister, calls "large disagreements" between himself and Tony Blair sounds very worrying, with only a week to go till the deadline both governments had set for agreement on Northern Ireland's future at the multi-party talks in Belfast. But in fact it may be a sign that the talks, and the deadline, are at last being taken seriously by all the parties involved.

Until a week or so ago, talk of an agreement being "agonisingly close" came mainly from the two governments, and from moderate Northern Irish parties such as the Catholic SDLP and the small, bicommunal Alliance. Both Sinn Féin, the political wing of the IRA, and more crucially the Ulster Unionists, were making sceptical noises.

But now Sinn Féin is signalling its eagerness to be in on the deal; and yesterday David Trimble, the Unionist leader, voiced his concern that Irish "posturing" might harm the talks.

"It may push back the date for agreement," he said, "and that would be cruel to the people of Northern Ireland who have a certain hope."

That statement is significant. If Mr Trimble thinks the Irish government is posturing, he must believe, on the basis of several long meetings he has had with Mr Ahern in the last few months, that its real position is one he could accept. Implicitly, at least, he is saying he now believes an agreement really could be reached next week, if only Mr Ahern plays it straight.

For years a constitutional settlement in Northern Ireland has been a hypothesis with which all sides could play. Now suddenly it seems an imminent reality, and both sides are working frantically to ensure it does not take a form which will be hard for them to sell to their supporters.

The sticking point is the proposed north-south bodies. Mr Ahern is trying to hold Mr Blair to the concession made by his predecessor, John Major, who agreed that these bodies should be set up by legislation. Mr Blair can counter by pointing to another clause in the 1995 Framework Document, which said their functions should be defined with the agreement of the parties.

It should not matter. Legislation should hold no terrors for unionists, provided it is clear that the bodies will act only by consensus, and that their northern members will be answerable to the new Northern Ireland Assembly. But equally the Irish government should recognise that accepting such bodies at all is a very bold step forward by the unionist side, and should not jeopardise this by insisting on a symbolic point that is hard for unionists to swallow.

The prize is within reach. We may be about to witness the most exciting, and most hopeful, moment in Irish history since the island was partitioned in 1921.

# Off the hook

**Gerard Baker** looks at the legal and political implications of the decision to dismiss Paula Jones's case against Bill Clinton

It is a telling reflection on Bill Clinton's turbulent term of office that this week could prove a turning point, affecting not just his remaining 2⅔ years in office, but possibly how posterity will view his presidency.

The surprise decision by an Arkansas judge to dismiss the sexual harassment case brought by Paula Corbin Jones against Mr Clinton has lifted the darkest of the many clouds hanging over the president for the past few years.

But it is not merely that Judge Susan Webber Wright's dramatic ruling removes the immediate legal challenge to the president. She has also, with a single juridical stroke, cut through the line that tied Mr Clinton to an image of sleaze, corruption and lies.

The questions now are: what are the immediate legal consequences? What does it mean for Kenneth Starr, the independent prosecutor set up by the Justice Department to investigate the president? And what are the political implications for the rest of Mr Clinton's term and for his legacy?

The president, finishing off his 12-day trip to Africa, tried to restrain himself, doing his best not to appear gleefully triumphant about the decision. He let it be known that he was grateful to his closest advisers and friends who had stood by him. He emphasised, with a straight face and due presidential gravitas, that he could now perhaps focus on the important issues of government that confront him.

But Mr Clinton's true feelings were captured later by an enterprising cameraman. He caught the exhilarated president on video in his Dakar hotel room puffing a fat cigar and energetically pounding a set of bongo drums.

Back in Washington there was not even an attempt to disguise the unalloyed glee on Mr Clinton's behalf among his confidants. "A PhD in the obvious says he's quite pleased," was the verdict of a grinning Bob Bennett, the president's personal lawyer.

The legal significance of the judge's decision is twofold. As well as destroying the Jones plea of sexual harassment, it seriously undercuts the potentially more damaging criminal investigation by Mr Starr.

Many lawyers had argued all along that the Jones case was never very strong. In her lengthy denial of the claim, Judge Wright comprehensively dismantled the case, refusing even to allow it to go before a jury.

Ms Jones had claimed that Mr Clinton, while he was governor of Arkansas in 1991, had exposed himself to her in a hotel room and requested oral sex. Having declined the invitation, Ms Jones asserted that she was then discriminated against at work in her capacity as a junior employee of the Arkansas state government.

Without commenting on whether the incident happened (Mr Clinton has denied it did), the judge said there was no evidence of any subsequent discrimination against Ms Jones by the state and therefore no supportable case for harassment.

On the contrary, she had received positive employment appraisals and merit awards for some time afterwards. Ms Jones's claim that she had suffered distress was also not possible to sustain, the judge said.

Ms Jones is likely to appeal against the decision, but lawyers familiar with the case said the appeals process could easily take two years or more, in effect tying up the case until after Mr Clinton leaves office.

Furthermore, most experts believed the decision was absolutely watertight, with no suggestion of any bias against Ms Jones by the judge. The White House was at pains to point out that Judge Wright was an appointee of Republican President George Bush and no friend of Mr Clinton.

"The fact is that this case would never have got this far if the defendant hadn't been the president of the United States, and no one until now was willing to appear partisan by dismissing it," says one lawyer.

The real significance of the decision is to cast serious doubt on Mr Starr's continuing deliberations. It should be remembered that the specific allegations of criminal offences by the president – of perjury, subornation of perjury and obstruction of justice – all have their origins in the Paula Jones case. Mr Clinton is alleged to have lied under oath to Ms Jones's lawyers about relationships with Monica Lewinsky and Kathleen Willey, former White House workers, and to have tried to persuade them and others to lie under oath.

Now that the Jones case has itself been dismissed it becomes much harder for Mr Starr to demonstrate that, whatever the president did, it was a serious offence. Judge Wright had already ruled two months ago that any matters related to Ms Lewinsky could not be considered in the Jones case, since they were not material.

Allies of Mr Clinton argued that Mr Starr's criminal investigation should now be dropped too. "This is about a charge of a presidential mis-statement in a matter that was ruled immaterial to a case that was found to have no merit," scoffed Dick Morris, Mr Clinton's one-time political consultant.

**'A mis-statement in a matter ruled immaterial to a case found to have no merit'**

Yesterday Mr Starr was adamant that, in legal terms, his investigation was unaffected. "It doesn't matter who wins and who loses in the civil case. What matters from the criminal law's perspective is: were crimes committed?" he said

But the outcome of Mr Starr's deliberations was never going to depend on the strict legal position. Ultimately, the decision is a political one. It is the Congress that must decide whether or not it thinks the allegations are serious enough to warrant impeachment. Republicans, who control Congress, had already been extremely wary of the idea of prosecuting Mr Clinton. The president remains extremely popular, and attempting to impeach him could risk political retribution from voters. With the dismissal of the Paula Jones case, even conservatives are acknowledging there is now little chance that Congress will proceed to impeachment. "The Republicans will not have the will to take this up in Congress," says Larry Klayman, of Judicial Watch, an organisation conducting its own legal campaign against the White House.

The bigger question then is: where does this leave the Clinton presidency?

The Paula Jones case and the other allegations relating to it have been largely responsible for creating Mr Clinton's sleazy image. Its dismissal now gives Mr Clinton a belated chance to undo the damage.

At first sight, the Jones decision does not seem to change much. Even if Mr Clinton survives the criminal investigation unscathed (as now looks increasingly likely), he still faces other potential legal and political problems. The other elements of the independent prosecutor's inquiry – into allegations of wrongdoing by the Clintons in the 1980s in relation to the Whitewater property development, of illegal use of FBI files on their political opponents, and of unlawful behaviour over the firing of the White House travel office – will continue.

The president is also still dogged by allegations that, in his zeal for campaign funds for his re-election in 1996, he sold access to the White House to big donors, including some of highly questionable background.

But in one crucial respect, this week's judgment seems to have strengthened the president's hand. It gives him a long-sought legal victory. More than that, by validating Mr Clinton's claim that the allegations against him were ill-founded, it supports the idea that they were also politically motivated.

"The White House will now make the case strongly that this judgment shows that all these allegations of crimes are the work of the president's political enemies," says one lawyer. If the public agrees, the Clinton presidency may now enter, at an oddly late moment, its critical phase.

This leads to what is, perhaps, the biggest question. Allies of the president were making clear yesterday that the battle for the Clinton legacy can now be joined in earnest.

Until now, the welter of allegations surrounding him had always ensured that Mr Clinton's historical reputation would be thickly tarnished. Polls suggest that, for all Mr Clinton's popularity and genuine policy successes, the American people simply do not trust him to tell the truth. The image historians had been burnishing was of an able president, who presided over peaceful and prosperous times, but who was scarred by deep character flaws.

Now, according to those who know him well, Mr Clinton will redouble his efforts to ensure that his place in the history books is much more positive than that.

These efforts could include a much more determined effort to push for big domestic policy initiatives including long-term reform to entitlements programmes such as social security, the public pension system, and Medicare, the health insurance programme for the elderly. There may also be more strenuous efforts on other areas of social policy, and perhaps in foreign policy as well. He will also emphasise real achievements so far in fostering the remarkable economic performance of the US over the past five years.

If all this goes well, it could provide a platform for Al Gore's bid for the presidency in 2000, not least by ridding him of a kind of guilt by association with the president.

The campaign to cast Mr Clinton's presidency in a better light will, his advisers hope, help shape the lasting memory of Mr Clinton's presidency. It will be a long haul. The public has had five years of almost continuous suggestions of sleaze surrounding the president. He has only half that time in which to change those perceptions.

# OBSERVER

## Zedillo's silence starts free-for-all

Time was when there was only one way to become president of Mexico: you spent years intriguing to become the incumbent's preferred successor. Since 1929, the anointed candidate has always won.

In the 2000 race, things will be different. President Ernesto Zedillo says he will not name an heir – a ritual known in Mexico as the *dedazo* (big finger) – and the ruling Institutional Revolutionary Party (PRI) has been thrown into disarray: it has never bothered to establish rules to select candidates.

Quickest on the draw was Puebla state governor Manuel Bartlett, who came to prominence during the presidential count in 1988. It looked as if the PRI's Carlos Salinas was losing when the electoral computer system in Bartlett's care crashed. When it was rebooted, Salinas was comfortably ahead.

Other PRI luminaries harbour presidential ambitions, such as former interior minister Esteban Moctezuma – known to be Zedillo's favourite – and Jesus Silva Herzog, former ambassador to Washington.

But the PRI isn't what it was, so non-PRI candidates – like Cuauhtémoc Cárdenas, the first opposition mayor of Mexico City, and straight-talking former Coca Cola executive Vicente Fox – can't be ruled out. For the first time, Mexicans look like enjoying a real scrap for the Presidential Palace.

## Choppy waters

Prime minister Tony Blair is not the only British politician to impress Chinese premier Zhu Rongji. Musing in Downing Street about John Prescott's rise from cruise ship steward to deputy prime minister, he suggested that some other people in government could end up as waiters on ships.

That won't endear him to colleagues back home. It is difficult to know who was being indiscreet: Zhu for cracking the joke, or Blair's spokesman Alistair Campbell for telling the media.

## Missing words

Chuan Leekpai, Thailand's soft-spoken premier, is honest enough to admit that corruption and the lack of transparency in the financial system are partly to blame for his country's economic crisis. But it appears that that is difficult to explain in Thai. Yesterday his interpreter used the English word corruption, and failed to find a Thai phrase for good governance, which the prime minister is keen to promote.

Chuan insisted that corruption was not exactly alien to Thai culture, but the word has seven syllables. Good governance is a newer concept, and the prime minister confessed that he was looking around for a suitable translation. If he finds one he could use it as his slogan for the next election: he was much too shy yesterday to tell Observer when that might be.

## Step change

More than a century of US retailing history ends at midnight on June 11: the five-and-dime empire launched by Frank Woolworth will be reborn as Venator. It's Latin for hunter, or sportsman – presumably inspired by the company's position as the world's biggest retailer of sporting shoes and clothing.

Chairman Roger Farah says this repositions the company as "invigorated and inspired by the ever-changing marketplace as it strives to win the global retailing game". At least stock market traditionalists can be happy that the company isn't changing the famous "ticker" symbol that denotes its stock – a simple, non-repositioned, non-invigorated Z.

## Rising Sonat

Selim Zilkha, who founded Britain's Mothercare mother-and-toddler retailing chain and sold in 1981, has emerged from years of relative obscurity as a US oil magnate. He has popped up with son Michael as the largest shareholder in ambitious oil and gas operator Sonat Energy: Sonat has swapped $1bn of its stock for their Zilkha Energy, which holds leases on 1.5m acres of the Gulf of Mexico.

For the Zilkhas the sale completes a little-noticed progression from a $30m investment in 1983 in Ohio-based Towner Petroleum – which collapsed a year later. Success was founded on a high-tech gamble in waters once known in the oil industry as "the dead sea". Zilkha *père* – a pioneer of electronic stock control – used high-powered computers to analyse seismic data from the Gulf, scoring one of the highest strike rates in the business.

Zilkha, 70, avoided taking the company public because he didn't want advice from "pimply" stock market analysts, and may not be entirely happy about being back in the spotlight. Michael, a former record producer for bands such as Kid Creole and the Coconuts, is said to be less shy and retiring.

## Silver ghosts

There were some not-so-silver clouds over the launch of launch of Rolls-Royce's sleek new Silver Seraph in Hong Kong, where 1,500-plus of the super-rich swan around in Rolls-Royces and Bentleys.

Chief executive Graham Morris didn't turn up – he was busy with the company's new German owners. More worrying, perhaps, were the missing millionaires, now that the only noise you can hear in Asia is markets tottering.

Wheeling in a new model is an old answer to faltering sales. Good of Rolls-Royce to throw in a careful new owner as well.

## The Financial Times 50 years ago

**Truman Vetoes Tax Cuts**
Washington, April 2. President Truman to-day vetoed the Bill which would have reduced United States income taxes by $4,800 millions. The House of Representatives subsequently over-rode the President's veto by 311 votes to 88. The Bill now goes to the Senate, where similar action is anticipated. Returning the Bill, which had passed both Houses of Congress, without his signature, Mr. Truman said that it was "not compatible with the requirements of the critical international situation".

**New Devaluation Of Lira?**
Milan, April 2. In well-informed financial circles here it is reported that the Italian Government is examining the possibility of carrying out another devaluation of the lira after the elections. The new dollar-lira rate would in this case, it is thought, be fixed at about 800 lire to the dollar.

**Currencies Rise In Paris**
Paris, April 2. A very strong trend prevailed to-day both on the free gold market and on the black market for foreign banknotes. Demand was clearly stimulated by fears aroused by the international situation.

# FINANCIAL TIMES

FRIDAY APRIL 3 1998



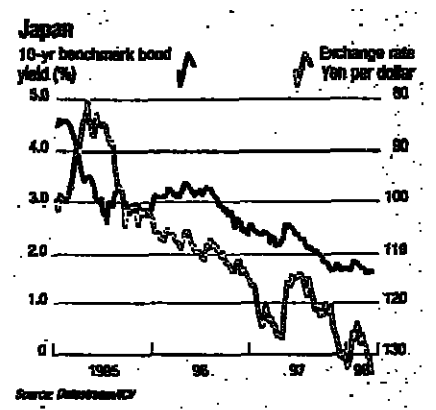
THE LEX COLUMN

## Japan tanks

Japan could do with a few more businessmen like Norio Ohga, Sony's chairman. A more robust public dialogue and it might have avoided the current pickle. As it is, he barely exaggerates when he says Japan's economy "is on the verge of collapsing". The latest *tankan* business survey paints a picture of unmitigated gloom. Most telling of all is consumer pessimism, with household spending at the lowest level of disposable income in nearly 30 years.

The government can hardly be accused of inactivity. It has announced some Y48,000bn ($369bn) of funds to stabilise the banking sector and stimulate the economy. But it has been singularly ineffective; hence the continuing slump. This is because consumers and investors are cynical about the government's ability to tackle the problems – and rightly so. Not only do their motives look short term and political, but their tools are haphazard. If the government wants more bang for its buck, it urgently needs to frame a coherent medium-term strategy within which to place its efforts. Otherwise the perception of hapless fire-fighting will continue to devalue its initiatives.

Long term, only far-reaching deregulation will help Japan out of the mire. Meanwhile, government spending packages and huge infusions of liquidity from the Bank of Japan should coax some growth from the economy. This should help equities in the second half, but the yen and bond prices will fall before then.




Source: Datastream/ICV

Still, for investors there must be some value in the possibility that the worst-case scenario does not unfold. While the anti-smoking lobby has daunting momentum, there may be some political mileage in the potential job losses. There may also be legal recourse: banning advertising is unconstitutional under America's free speech laws, while retrospective provisions may prove unenforceable. Furthermore, companies should be able to sell some assets and increase dividend payments to investors, short of a scorched-earth policy. With companies' domestic tobacco businesses now viewed by the market as worthless, their shares may be worth a punt.

### Tobacco

The Doomsday scenario painted by BAT's Martin Broughton, following a US senate committee's approval of a punitive anti-smoking bill, is believable enough. Instead of last year's settlement capping class action liabilities, companies now face Draconion restrictions on marketing and packaging and a huge tax rise on cigarettes. The resulting liabilities coupled with falling revenues could mean bankruptcy, not just for debt-ridden RJR Nabisco but also for Philip Morris and BAT's Brown & Williamson. Putting up cigarette prices from $2 to $5 a packet would bring them in line with countries such as the UK. But America's higher per capita consumption would be hit as smokers tried to rein in, if not kick the habit.

### Battlefield taxis

Despite yesterday's mysteriously cancelled announcement, a massive armoured vehicle contract looks certain to fall into the Eurokonsortium's lap. For GKN, part of the largely German winning team that includes Mannesmann's Krauss-Maffei, this is good news. Its current order book is thin and there are no other programmes of this scale on the horizon. After all, scepticism about the usefulness of traditional tanks in modern warfare is rife in military circles.

Although profits will not filter through until 2004, the value of GKN's non-core defence business, which is up for sale, will nonetheless be increased. This should enhance the company's position ahead of consolidation within the fragmented European armoured vehicle sector. With Vickers part of the losing consortium and keen to expand in defence now Rolls-Royce is being sold, an Anglo-British solution is possible. GKN should be well placed to extract a better price than the £100m Vickers apparently rejected when the parties last talked.

Behind the delay lies French poker–playing. It seems likely that the reality of a dominant Anglo-German axis developing in land forces has goaded the French government into action. GIAT, a heavily loss-making and state-owned manufacturer, is probably being given a larger slice of the action by its partners. This looks less than ideal, but could encourage greater French flexibility in other fields.

### Courtaulds

Watching paint dry has suddenly become a whole lot more interesting, at least for investors in paint companies. Courtaulds' demerger plans combined with yesterday's news of a bid approach have nearly doubled the value of the shares. The excitement could be short-lived. If the potential bidder walks away, the shares could sink back towards the 400p level, valuing Courtaulds' coatings division at a more realistic 1.3 times sales. Still, short of a formal bid, yesterday's news could not have been more welcome for Courtaulds.

The same cannot be said for Akzo Nobel, believed to be behind yesterday's approach. True, the acquisition would give its coatings business longed-for exposure to Asia, and help it keep up with the global ambitions of Imperial Chemical Industries and Sherwin Williams. And by moving now, Akzo avoids a bidding war. Neither ICI nor Sherwin will want to be lumbered with Courtaulds' unattractive fibres business, whereas Akzo could bundle it with its own fibres operation and take costs out.

But even if Akzo bids now, it will have to cough up between 450p and 500p, which is not cheap. More importantly, why did Akzo not bid back in January when Courtaulds' shares were trailing at 238½p? To consider making the acquisition now, with both sterling and the market against it, should attract some sharp questions from shareholders. The less than 1 per cent fall in Akzo's shares yesterday looks too sanguine.

# Sony chief says Japan's economy faces collapse

By Paul Abrahams, Michiyo Nakamoto and Gillian Tett in Tokyo

The Japanese economy is on the verge of a collapse that could cause a worldwide recession if Japanese policy makers do not act quickly, Norio Ohga, chairman and chief executive of Sony, warned yesterday.

"The Japanese economy is currently facing its most difficult time ever. I am concerned that if Japan falls into a deflationary spiral it would affect the Asian economies. In that case, not even the US economy would be able to maintain its healthy state," he said.

His alarming prediction came as gloomy economic data triggered the biggest single day's fall this year in the Nikkei 225 index, down more than 3 per cent to 15,702.

Mr Ohga, in an unusually outspoken speech for a Japanese businessman, lambasted Japanese politicians, in particular Ryutaro Hashimoto, the prime minister. He compared Mr Hashimoto to President Herbert Hoover, the US president at the time of the 1929 Wall Street crash. "Japanese politicians only look after their constituencies, they only work at a purely domestic level," he said.

"They have to be aware of the global picture. If you look at what Hoover was saying at the start of the great depression and what Mr Hashimoto is saying at the moment, they are very similar."

Mr Ohga said the government should not waste its money on public works projects, but stimulate consumer demand through cutting taxes related to house buying.

His gloomy tone reflected the mood of Bank of Japan's most gloomy Tankan survey of business confidence since August 1994.

The diffusion index – measuring those companies that are more confident minus those that are less confident – deteriorated from -11 in September to -31 in the case of manufacturers. The index for non-manufacturers fell to -30.

Analysts said disappointment over the government's response to Japan's economic problems was behind yesterday's fall in the equity markets.

"There is a feeling of betrayal," said Akio Okamura, equity strategist at Nikko Research Center in Tokyo. "The government has come up with one stimulus package after another but each time the contents have been unclear."

One consequence of the government's efforts to prevent the economic downturn causing a crisis in the banking system is that the Bank of Japan's assets have surged a record 51 per cent – or Y27,700bn ($213.07bn) – in the year to March 20.

This is partly because of emergency injections of liquidity into the money markets.

The unprecedented injections reflect the measures that the Bank has taken since November to shore up the financial sector and help banks raise sufficient quantities of funds before the end of the 1997 fiscal year last Tuesday. Analysts warn that if the money-creation operations continue into April, as the Bank has signalled in recent days that they will, they could trigger a sharp fall in the yen.

Japanese urged to spend, Page 5
Sony's gloom, Page 19
IBJ loan write-off, page 17
See Lex

# China pledges it will move forward on opening markets

By Guy de Jonquières and Peter Montagnon

China yesterday sought to reassure western governments that the recent leadership changes and the drive to speed up domestic economic reform had not diminished its commitment to joining the World Trade Organisation.

Beijing signalled its continuing interest in membership by proposing fresh industrial tariff cuts at the WTO in Geneva and pledging to make progress in the next few months towards agreement with the European Union on substantial opening of its goods and services markets.

The pledge was contained in a joint statement issued after 90-minute talks in London between EU leaders and Zhu Rongji, China's prime minister. The talks, the first EU-China political summit, took place in the margins of the Asia-Europe meeting (Asem), attended by the leaders of the 15 EU member governments and 10 Asian countries.

A spokeswoman for Jacques Santer, European Commission president, said the talks with Mr Zhu had "changed the atmosphere" and marked "the start of a new era" in relations between Europe and China.

Sir Leon Brittan, Europe's trade commissioner, welcomed China's latest WTO tariff offer as evidence of renewed momentum in the country's 11-year-long negotiations to join the organisation. The EU's final view would depend on an analysis of the details of the proposals, and on China also submitting an improved offer to open its services market.

Delays by Beijing in making good on promises to offer fresh liberalisation in the WTO talks have recently contributed to concerns in Brussels and Washington that it may be losing enthusiasm for an early agreement on membership of the organisation.

EU officials said the talks with Mr Zhu had reassured them that China's interest in the WTO had not cooled.

The EU was particularly encouraged by Mr Zhu's acceptance that the next phase of the WTO talks should focus on achieving a package that would provide "substantial" access to the Chinese market for foreign goods and services.

Much of the discussion at yesterday's summit concerned EU proposals to allow China to liberalise its market in stages after WTO entry. Mr Zhu apparently continued to balk at EU demands that China set firm deadlines for liberalisation.

Separately the UK announced that Tony Blair, prime minister, is to visit China in October for the first time since taking office, setting the seal on a new bilateral relationship in which past disagreements over Hong Kong were firmly forgotten.

Personal view, Page 14
Observer, Page 15

CONTENTS



Maurice Papon, 87, was sentenced in Bordeaux to 10 years in prison for helping to deport Jews during the Nazi occupation of France. A lawyer (left) for Jewish plaintiffs comments on the verdict. Page 2





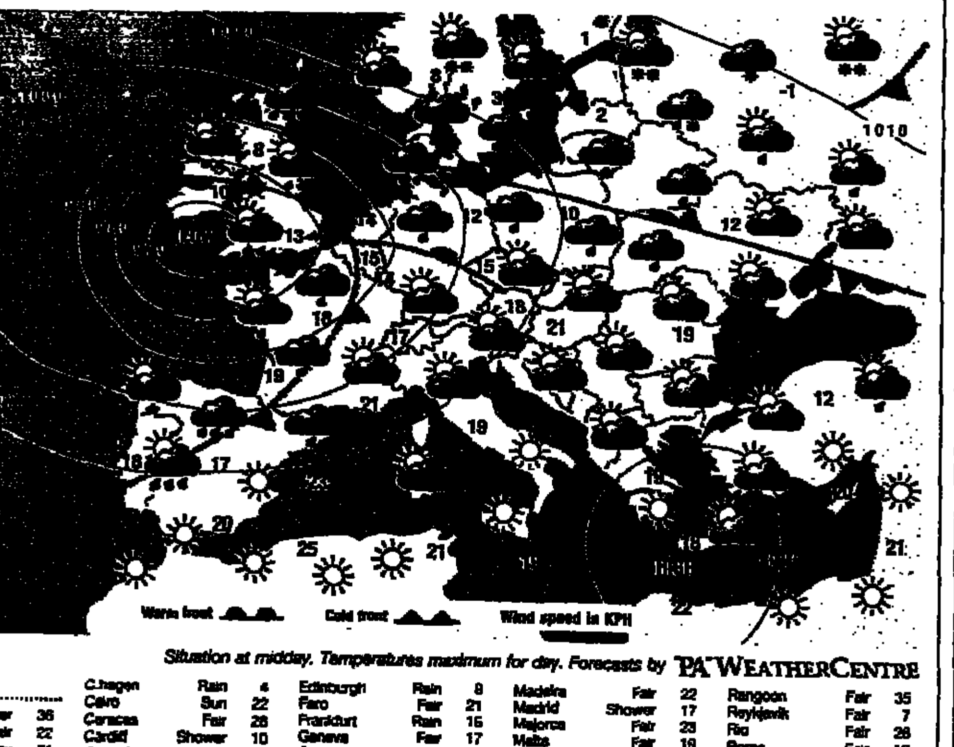
FT WEATHER GUIDE

**Europe today**

The Low Countries and Germany will be cloudy with rain. Northern France will have showers, but southern parts should stay dry. Western Spain and Portugal will have showers, but the south and east will be bright and warm. The rest of the Mediterranean will be sunny and warm. Scandinavia will be mainly dry with sunny spells, although there will be a scattering of wintry showers. Denmark and the extreme south of Sweden will be windy, with outbreaks of rain and snow. North-eastern Europe will be cold with rain and snow showers.

**Five-day forecast**

The western Mediterranean will turn showery tomorrow as a frontal system pushes across, but the east will remain dry, warm and mainly sunny. Western Europe will stay unsettled over the next few days. Southern Scandinavia will be cloudy with rain and wet snow.




Situation at midday. Temperatures maximum for day. Forecasts by PA WeatherCentre

TODAY'S TEMPERATURES

| | | Maximum Celsius |
|---|---|---|
| Abu Dhabi | Sun | 29 |
| Accra | Fair | 34 |
| Algiers | Sun | 25 |
| Amsterdam | Shower | 14 |
| Athens | Sunny | 19 |
| Atlanta | Shower | 30 |
| B. Aires | Sun | 26 |
| B.ham | Shower | 10 |
| Bangkok | Shower | 36 |
| Barcelona | Fair | 22 |
| Beijing | Sunny | 21 |
| Belfast | Shower | 10 |
| Belgrade | Fair | 22 |
| Berlin | Rain | 12 |
| Bermuda | Fair | 23 |
| Bogota | Cloudy | 20 |
| Bombay | Sun | 34 |
| Brussels | Rain | 15 |
| Budapest | Fair | 21 |
| C.hagen | Rain | 4 |
| Cairo | Sun | 22 |
| Caracas | Fair | 28 |
| Cardiff | Shower | 10 |
| Casablanca | Fair | 21 |
| Chicago | Shower | 7 |
| Cologne | Shower | 17 |
| Dakar | Sun | 26 |
| Dallas | Fair | 19 |
| Delhi | Fair | 33 |
| Dubai | Sun | 30 |
| Dublin | Shower | 10 |
| Dubrovnik | Fair | 18 |
| Edinburgh | Rain | 8 |
| Faro | Fair | 21 |
| Frankfurt | Rain | 15 |
| Geneva | Fair | 17 |
| Gibraltar | Fair | 23 |
| Glasgow | Rain | 8 |
| Hamburg | Rain | 13 |
| Helsinki | Snow | 1 |
| Hong Kong | Fair | 25 |
| Honolulu | Fair | 28 |
| Istanbul | Sun | 16 |
| Jakarta | Cloudy | 32 |
| Jersey | Shower | 11 |
| Jo'burg | Thunder | 22 |
| Karachi | Sun | 34 |
| Kuwait | Sun | 30 |
| L. Angeles | Shower | 16 |
| Las Palmas | Fair | 24 |
| Lima | Fair | 30 |
| Lisbon | Shower | 18 |
| London | Shower | 13 |
| Lux.bourg | Rain | 14 |
| Lyon | Shower | 22 |
| Madeira | Fair | 22 |
| Madrid | Shower | 17 |
| Majorca | Fair | 23 |
| Malta | Fair | 19 |
| Manchester | Shower | 10 |
| Manila | Fair | 30 |
| Melbourne | Shower | 21 |
| Mexico City | Sun | 29 |
| Miami | Fair | 30 |
| Milan | Fair | 19 |
| Montreal | Fair | 6 |
| Moscow | Snow | -1 |
| Munich | Cloudy | 17 |
| Nairobi | Fair | 28 |
| Naples | Sunny | 20 |
| Nassau | Fair | 30 |
| New York | Fair | 16 |
| Nice | Fair | 17 |
| Nicosia | Fair | 20 |
| Oslo | Fair | 8 |
| Paris | Shower | 18 |
| Perth | Sun | 34 |
| Prague | Shower | 15 |
| Rangoon | Fair | 35 |
| Reykjavik | Fair | 7 |
| Rio | Fair | 26 |
| Rome | Fair | 19 |
| S. Frsco | Rain | 18 |
| Seoul | Sun | 18 |
| Singapore | Thunder | 32 |
| Stockholm | Fair | 3 |
| Strasbourg | Shower | 17 |
| Sydney | Fair | 24 |
| Tangier | Fair | 22 |
| Tel Aviv | Fair | 21 |
| Tokyo | Fair | 12 |
| Toronto | Fair | 8 |
| Vancouver | Drzzl | 11 |
| Venice | Cloudy | 16 |
| Vienna | Fair | 18 |
| Warsaw | Drzzl | 10 |
| Washington | Fair | 18 |
| Wellington | Shower | 18 |
| Winnipeg | Sunny | 11 |
| Zurich | Fair | 17 |

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FINANCIAL TIMES
# COMPANIES & MARKETS
© THE FINANCIAL TIMES LIMITED 1998 FRIDAY APRIL 3 1998 Week 14



## INSIDE

**European markets reach new peaks**
The bull run on European stock markets continued yesterday as most of the main bourses set new records. The dismissal of two court challenges to Germany's participation in the euro, while expected, added to the positive sentiment. Page 36

**'Last chance' for Opec credibility**

The Organisation of Petroleum Exporting Countries is facing its "last chance" to restore its credibility, according to Erwin Arrieta (left), Venezuela's energy minister, who was one of the architects of this week's agreement to cut global oil production by 1.5m barrels a day. "It's the last opportunity for the entire energy community, not just Opec. All of us were Pinocchios, including Venezuela, lying to each other," Mr Arrieta said. Page 26

**Banespa's profits cause a stir**
When Banespa, the São Paulo bank being prepared for privatisation, declared 1997 profits of R$2.04bn (US$1.8bn) – more than the combined profits of its three biggest private sector rivals – it was met with cries of "foul". Page 21

**Lift maker's shares on the rise**
Shares in Schindler, the world's second biggest manufacturer of lifts and escalators, have jumped nearly 40 per cent in the past two months. After years in the doldrums the Swiss company increased profits by 61 per cent last year. Page 20

**Bond issues top $300bn in quarter**
International bond issuance surged to a record in the first quarter, topping $300bn for the first time. Issuance rose 45 per cent to $303.17bn, according to Capital Data Bondware, with the dollar accounting for almost half of the total. Page 24

**Zambian copper talks break down**
Zambia's struggle to revitalise its copper industry was in disarray yesterday after the collapse of negotiations for the sale of Zambia Consolidated Copper Mines' two biggest divisions. Page 26

**Tankan survey hits Tokyo shares**
Asian markets took a pounding, particularly in Tokyo where the Bank of Japan's quarterly *tankan* survey of business sentiment showed how bad the situation has become. Page 26; Lex, Page 24

**Lenzing expects return to profit**
Lenzing, the viscose fibre producer, expects to return to profit after losing Sch815m ($62.6m) over the past two years. The Austrian group has been hit by a fall in polyester fibre prices. Page 18

**Cellular phone system disappoints**
Japan's personal handyphone system (PHS), a cellular system which once promised a vast new market in mobile communications, is poised for retreat less than three years after its launch. Page 19

## COMPANIES IN THIS ISSUE



CROSSWORD, Page 26

## MARKET STATISTICS



# Akzo Nobel plans Courtaulds bid

### Dutch group aims to become world leader in paints

By Roger Taylor

Akzo Nobel, the Dutch chemicals group, is understood to be planning a bid for Courtaulds of the UK, which would make it the world's largest paints company.

The move would replace plans announced by Courtaulds in February to split into three parts. It aimed to demerge its paints business from its fibres operations and sell its packaging arm this year in an attempt to reverse its falling share price.

Courtaulds yesterday confirmed that it was in talks which could lead to an offer. Its shares, which jumped 67.5p to 456¼p valuing the company at £1.9bn, ($3.2bn) have now risen by more than 75 per cent since the company first announced its break-up plans.

Akzo Nobel yesterday would only say that its stated strategy was to expand both its pharmaceuticals and paints divisions through acquisition.

The company currently vies with Imperial Chemical Industries for leadership of the world paint market. On most measures ICI comes out first. But the acquisition of Courtaulds would put Akzo firmly on top. Courtaulds has been one of the weakest companies in the UK chemicals industry with its share price falling from a high of more than 600p in 1992 to a low of 288½p in December, prompting speculation about a takeover.

Since announcing demerger plans Courtaulds has received substantial interest from parties interested in its International Paints business, including Imperial Chemical Industries and PPG of the US.

Analysts said yesterday that Akzo had missed a great opportunity to buy Courtaulds more cheaply by not making a hostile bid three months ago.

However, the Dutch group appears to have stolen a march on its competitors by offering to buy the whole of Courtaulds, including its less attractive fibres business which is one of Europe's largest viscose producers. It also makes Tencel, which has been promoted as a new "wonder-fibre", but sales have been disappointing.

Akzo has long stated its intention to get out of the fibres business and has reduced its exposure over several years. However, it still has a small but profitable viscose operation. If it were to buy Courtaulds, it would almost certainly merge the two operations and then seek to sell them. A bid by Akzo would be the latest in the rapidly consolidating European chemicals industry. In recent months Ciba Specialty Chemicals acquired Allied Colloids for £1.4bn and Imperial Chemical Industries paid £4.9bn to buy the chemicals arm of Unilever.

Analysts questioned the logic of a link-up between the two groups. Akzo is strongest in decorative paints whereas Courtaulds specialises in marine paints, in which it is world leader, and in industrial powder coatings. The main area of overlap is in coatings for the aerospace industry.

Lex, Page 16

# IBJ to increase write-offs to $4.7bn

By Gillian Tett in Tokyo

Industrial Bank of Japan, one of the country's largest and most prestigious banks, yesterday said it planned to write off Y630bn ($4.7bn) of problem loans in its financial year ended earlier this week.

The write-off is more than 50 per cent higher than the amount the bank previously forecast. The pressure for large write-offs has come partly from tighter reporting requirements by banks as a result of the government's "Big Bang" deregulation programme which started on April 1.

The increase will raise IBJ's projected group net loss for the year to Y200bn and its parent company net loss to Y370bn. It had previously projected net losses of Y140bn and Y250bn respectively.

The bank added that it expected the balance of its outstanding problem loans to be Y1,000bn at the end of the 1997-98 fiscal year, with reserves covering some 90 per cent of it.

Other banks are also expected to announce larger than expected write-offs in the coming days. The Japanese media has recently reported that bad loan disposals by the country's 19 largest banks could total Y10,210bn, and would push nine city banks into losses for 1997. Sanwa Bank has already raised its projected write-offs to Y940bn from an earlier forecast of Y750bn. Sakura has said it would dispose of Y1,200bn, up from Y870bn previously forecast.

Total bad loans in the Japanese banking system are estimated by the industry to be Y28,000bn, although the Ministry of Finance has calculated the total level of "problem" loans (which uses a broader definition) to be Y77,000bn.

However, recent changes to the accounting system have also given the banks more flexibility in making loan disposals. In particular, the ruling Liberal Democratic Party has changed the regulations to permit banks to record their equity portfolios at book, not market, value.

This means the banks do not have to record losses arising from the fall of the Nikkei 225 over the last year – and so have more capital with which they can write off problem loans.

Lex, Page 16
IBJ Schroder $20m buy, Page 21

Rolf Breuer, Deutsche Bank chairman: goal is 'ambitious but attainable'. Reuters

# Sabena may move pilots' contracts to Switzerland

By Michael Skapinker, Aerospace Correspondent

Sabena, the Belgian airline, is considering moving its pilots' employment contracts to Switzerland to avoid high social security charges and taxes in Belgium, Paul Reutlinger, chief executive, said yesterday.

Mr Reutlinger said he wanted the Belgian government's approval for the move, which he hoped to complete this year. He said it would assist Belgium by ensuring that it had a financially successful national flag carrier.

Sabena might also employ its cabin crew from Switzerland. The employees would not be asked to move to Switzerland, but their contracts would be issued in the country and they would pay their social security charges and taxes there. Mr Reutlinger said this would result in significant savings to Sabena, which is 49.5 per cent owned by SAir group, the parent company of Swissair.

Mr Reutlinger's statement, at a press conference in London, comes a week after Virgin Express, the Brussels-based, low-cost carrier controlled by Richard Branson, said it was considering moving to the UK or Ireland unless the Belgian government lowered its social costs.

Jonathan Ornstein, Virgin Express chief executive, said social costs in Belgium represented 37 per cent of employees' salaries compared with 8 per cent or 9 per cent in the UK and Ireland. Mr Ornstein said that high social costs and government interference made operating in Belgium "extremely difficult, if not impossible, in the long term". Virgin Express and Sabena have a code-sharing agreement. This involves Virgin Express operating some of Sabena's services, including those between Brussels and London.

In 1995, Sabena threated to relocate 480 of its pilots to Luxembourg to cut social security costs, but the plan was abandoned after opposition from the Belgian government.

Mr Reutlinger, who is Swiss, said yesterday that the new relocation plan would be carried out only after negotiations with the Belgian and Swiss governments and with trade union approval.

Mr Reutlinger said: "We want the Belgian government to say 'yes'. It would mean important savings for our company. It would be one element of guaranteeing a healthy airline for the future, which would be good for the country's tourism and its internationalism."

Unlike Virgin Express, Sabena is not asking the Belgian government for any change in the law. It believes that moving employees' contracts to Switzerland would not require legal changes as airline staff spend so much of their time travelling outside Belgium.

# Deutsche Bank aims to double profit to DM9bn

By Andrew Fisher in Frankfurt

Deutsche Bank has set its sights on doubling operating profits to DM9bn ($5bn) in 2001, with much of the improvement to be achieved through its costly restructuring programme.

Rolf Breuer, chairman of Germany's biggest bank, said this would bring its pre-tax return on equity to its 25 per cent target. "This goal is ambitious, but attainable," he said.

The bank has set aside DM2.5bn from 1997 profits to pay for the restructuring, much of which is intended to improve profitability in investment banking. About DM1.8bn will pay for job cuts of 8,600, including 4,600 in Germany.

The Asian financial crisis also took its toll on profits, requiring extra provisions of DM1.1bn to cover loan risks in the region. Net income was halved to DM1bn. Operating profits – before restructuring costs and taxes – fell 27 per cent to DM4.25bn. Pre-tax return on equity dropped from 17 per cent to 8.4 per cent.

Mr Breuer said 1998 had begun well, with a "pleasing rise" in operating profits in the first two months. But it was too early to forecast profits for the full year.

He expressed concern at high cost levels, saying the group cost/income ratio of 76 per cent was unsatisfactory. The bank aims to cut this to 65 per cent in four years. Total expenses last year rose by 21 per cent to DM18.4bn. In investment banking, costs jumped by 41 per cent.

But profits from investment banking fell by 13 per cent to DM777m as income lagged behind costs, especially in the fourth quarter, which was affected by the Asian crisis. The cost/income ratio in this sector was 88 per cent.

Through the restructuring, investment banking will be integrated within the group and the Deutsche Morgan Grenfell name will be dropped. Deutsche will combine its commercial and investment banking operations into a new global corporate and institutions division with the aim of being among European leaders in mergers and acquisitions deals and equity issues.

The target for this division in 2001 is a DM2.9bn pre-tax profit. This would be nearly three times the profit from these activities last year and represent an equity return of 28 per cent against 17 per cent. The cost/income ratio target is 72 per cent.

Mr Breuer said retail and private client banking – where 200 smaller branches will be closed out of 1,450 – should lift profits by about DM1bn to well above DM2.5bn in 2001, raising its return markedly above the present 49 per cent.

In asset management, where the institutional and retail sides will be combined, profits should double to DM1.4bn. The target for total assets under management is DM700bn compared with the present DM503bn.

# Coelce sale makes $868m as Brazil attracts foreign groups

By Jonathan Wheatley in Sao Paulo

The appeal of Brazilian utilities to foreign operators was underlined yesterday when a majority stake in Coelce, a power distributor in the fast growing north-eastern state of Ceará, was sold for R$987m (US$868m) as part of the country's privatisation programme.

The buyer was Cerj, a Rio de Janeiro distributor bought last year by a group comprising Chilectra of Chile, Endesa of Spain and Electricidade de Portugal.

Cerj paid a premium of 27 per cent to the minimum price for its stake, which comprises 83 per cent of the company's voting stock and 51 per cent of its capital. The premium was lower than that paid for other distributors, but the price was in line with previous sales in terms of cost per megawatt hour.

"The minimum price was a little high and the cost of funding is greater than it was last year, so the price was about what we expected," said Gustavo Gattass of Banco Icatu, a Rio de Janeiro investment bank.

Last year, eight Brazilian distributors and one generating company were sold for more than R$7bn. Other foreign investors in the industry include Iberdrola of Spain, Electricité de France, and Houston Power, CMS Energy and AES of the US.

Big sales due to take place this year are expected to attract new foreign bidders. Brazil plans to sell electricity assets worth about R$45bn by the end of next year.

Ceará is one of the most dynamic states of north-eastern Brazil, an underdeveloped area that has attracted investment from foreign companies and Brazilian manufacturers expanding outside the industrialised south.

Cerj said it expected Coelce's sales to grow at 8.8 per cent a year for the next decade.

"That's fairly high," Mr Gattass said, "but Ceará is moving in the right direction and Coelce is in good condition. It won't need a lot of investment to keep up with demand. It should have no difficulty raising capital abroad to meet any expansion plans."

Together with Light, a Rio distributor sold two years ago, Cerj has been criticised for failing to meet rising demand. A series of power failures caused public outcry and prompted one government minister to describe the companies as "an embarrassment to the privatisation programme".

José Luiz Echenique, a Cerj director, assured the people of Ceará that they would not suffer the problems faced by Cerj. Cerj had suffered from years of under investment before its sale, unlike Coelce, which had been well prepared for privatisation.

**ENGINEERING** CZECH GROUP AGAIN FAILS TO MEET ITS OWN PROFIT FORECAST

# Skoda Plzen reports third consecutive loss

**By Joe Cook in Prague**

Skoda Plzen, the Czech Republic's biggest engineering company, shook the Czech stock market yesterday when its shares fell by 7.6 per cent after it reported preliminary consolidated net losses of Kc1.8bn ($53m) for 1997.

The result marks the company's third consecutive year of consolidated net losses, and Skoda's share price fell from Kc490 to Kc453.

In 1996 the group suffered a consolidated loss of Kc2.2bn and in 1995 its consolidated loss was Kc431m.

Lubomir Soudek, Skoda's chairman and biggest shareholder with 21.5 per cent, has previously failed to deliver on his forecast that Skoda would soon become profitable. He had forecast profits of Kc600m for 1996, and last autumn his company said it was expecting to turn in a consolidated net profit of some Kc200m for 1997.

Skoda said yesterday it expected to post a consolidated gross profit of up to Kc900m for 1998, but analysts were not convinced.

"There is never any good news from Skoda Plzen," said Martin Vojta, an equity analyst with Patria Finance in Prague. "Skoda Plzen now does not look able to improve its shape or its performance, it has too many loss-making businesses and does not seem able to concentrate on its profitable ones."

Mr Vojta said Skoda's consolidated operating loss of Kc800m was "especially bad". In 1996 the company reported operating losses of Kc1.24bn.

Skoda has nearly 60 divisions and subsidiaries, many of which made big losses last year. Its truck-making division, Liaz, lost Kc520m in 1997, against a loss of Kc380m the previous year. The company's German metal-pressing subsidiary, Umformtechnik, lost Kc250m, about the same as in 1996.

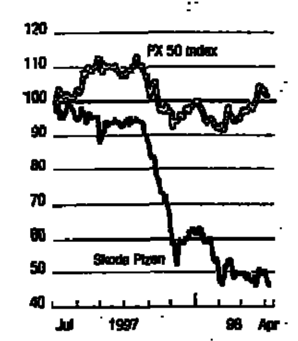
Vladimir Kadlec, engineering analyst at Expandia, a Prague brokerage, noted that even Skoda's so-called "blue chip" divisions now look as if they are struggling. Revenues at its turbine-making subsidiary, Skoda Turbiny, fell from some Kc3bn in 1996 to about Kc1.4bn last year.

Mr Kadlec also pointed to Skoda's apparent inability to consistently meet its own sales forecasts. Total sales in 1997 were a preliminary Kc23.5bn, the same level as in 1996 and far short of Mr Saudek's sales forecast of Kc32bn.

Mr Kadlec said he expected Skoda shares to reach Kc400 "or less" in coming days.

Skoda Plzen is not related to Skoda Auto, the carmaker in which Germany's Volkswagen has a 70 per cent stake.

**Skoda Plzen**
Share price and index (rebased)



Source: Datastream/ICV


Chairman Lubomir Soudek: predicted 1997 profit EPA

# Czech telecoms group seeks $100m

**By Vincent Boland**

A Czech telecommunications group partly owned by Tele Danmark will today announce plans for a $100m international equity offering, the first of several telecoms groups from the region hoping to tap foreign investors this year.

Ceske Radiokomunikace (CRK) runs most of the Czech Republic's radio and television transmission network and owns 51 per cent of a mobile phone operator.

It is seeking to complete the offering, a rare event for a Czech industrial group, before general elections in June that could further complicate Prague's troubled privatisation programme.

ABN Amro Rothschild will be global co-ordinator for the offering, which will be entirely of new shares.

The Czech state holding company owns 70 per cent of CRK. This will fall to 51 per cent when the offering, in the form of Global Depositary Receipts, has been completed because it is not taking up its share of a rights issue.

The capital increase will be accompanied by a 10-for-1 share split to make CRK shares more liquid. A portion of its shares are listed on the Prague stock exchange, and the GDRs will be listed in London.

Tele Danmark bought a 20.8 per cent stake in CRK last year to gain a foothold in the fast-growing Czech mobile services market. The Danish operator had been an aggressive bidder for a licence to set up Radiomobil, a second operator that was eventually won in 1996 by CRK and Deutsche Telekom.

It had earlier lost out to international rivals in bidding for a stake in SPT Telecom, the Czech national operator.

Tele Danmark is thought to have paid Kc4,500 a share for the stake, and the shares are now trading at about Kc4,100 each, giving CRK a market value of some $260m.

ABN Amro estimated last week that up to $16bn worth of telecoms companies were being earmarked for privatisation in central and eastern Europe in the next 18 months. Most are national operators that will probably seek strategic partners, but Poland's TPSA, the biggest in the region, is due to be floated later this year.

# Steyr surges ahead of takeover

Steyr-Daimler-Puch, the Austrian car assembler which was the subject of a recent takeover battle, almost trebled pre-tax profits to Sch597.5bn ($46m) in 1997, Reuters reports from Vienna.

The company, which is being bought by Magna International, the Canadian car parts maker, said sales jumped 25 per cent to Sch14.2bn. "There were significant improvements in all key figures," Steyr said.

The group assembles vehicles for customers such as Chrysler of the US and Daimler-Benz of Germany. It also supplies car components and systems.

Magna finally won a takeover battle for the company last week, agreeing to pay Sch4bn to Creditanstalt, the Austrian bank, for its 66.8 per cent stake in Steyr and its 50 per cent holding in the design and engineering unit Steyr-Daimler-Puch Fahrzeugtechnik.

Steyr said last year's figures were the result of restructuring in which it had concentrated on three core activities – vehicle assembly, components and engineering.

The group expects sales to jump a further 25 per cent to Sch17.2bn next year, but profits will not keep pace because of substantial start-up costs for new projects and new investment.

"Despite the forecast rise in turnover in the current business year, no further improvement in profit is expected," Steyr said. "The new products and projects will only strengthen the profitability of the group in subsequent years."

# Viag seeking partner for PC distribution arm

**By Ralph Atkins in Bonn**

Viag, the large Munich-based industrial conglomerate, said yesterday it was in talks with potential strategic partners for its personal computer distribution division. However, it refused to comment on reports it was planning a link-up with Tech Data of Florida that would create an business with combined sales of more than DM20bn ($11bn) a year.

Georg Obermeier, chairman, acknowledged Viag faced difficulties with Computer 2000, in which Viag acquired a majority stake only four years ago. Computer 2000, the biggest distributor of personal computers in Europe, has been hit by problems at its Ameriquest US operations but is expected to produce a profit this year.

In a German newspaper interview, Mr Obermeier said Viag had learnt that "this is a very international business", with the most important manufacturers in the US or Asia. "In order to boost an international, competitive partnership we would be prepared to put our stake in Computer 2000 into a strategic co-operation agreement," Mr Obermeier said. Viag holds 75 per cent of Computer 2000.

Viag would not comment on whether "strategic co-operation" would mean a full-scale joint venture or a less drastic step. But Mr Obermeier set as a condition of any deal that Computer 2000 should gain a "leading international position".

Tech Data would not comment on German media reports that it was in talks with Viag, but said it was looking to expand in Europe. Last July, Nasdaq-listed Tech Data acquired Macrotron, the Munich-based computer trader.

# Restructured Lenzing forecasts return to black

**By William Hall in Zurich**

Lenzing, Europe's biggest viscose fibre producer, expects to return to profit in the current year after losing Sch815m ($62.6m) over the past two years. The group has been hit by the sharp drop in the prices of rival polyester fibres.

The heavily indebted company has seen its results dragged down by lossmaking operations in Indonesia, the US and Brazil. It said yesterday that the full impact of the restructuring of the past two years would start to be felt in the current year.

Lenzing, which has lost money in four of the past seven years, reported in February a Sch652m loss for 1997 and passed its dividend for the second year running.

Heinrich Stepnickza, its managing director who is retiring in June, said yesterday that the recent restructuring moves would lead to a "much better performance" over the next few years.

The world market for viscose fibre grew 2.5 per cent in 1997 and Lenzing's Austrian fibre business, accounting for half the group's annual output of 275,000 tonnes, has raised its fibre prices by 12 per cent since the 1996 fourth quarter.

However, the improved operating result of Lenzing's Austrian business was more than offset by problems in its overseas affiliates.

Lenzing Fibre Corporation in the US, which produces 50,000 tonnes a year, has been hit by a halving in the size of the US market over the past six years. The US company should break even in the current year.

South Pacific Viscose, Lenzing's Indonesian affiliate, has been hard hit by the Asian currency crisis and the sharp drop in its viscose fibre prices because of overcapacity in polyester.

The company must buy its pulp in dollars and service its debt in dollars which has led it to reschedule its debts. Bacell, Lenzing's Brazilian pulp business, is expected to report another loss in 1998.

Lenzing is pinning considerable faith on the recent launch of Lyocell, its new wonder fibre, which is much stronger than viscose fibres and can command prices between two and three times as high as competing polyester fibres.

However, initial sales figures have been lower than expected and the company is reconsidering plans to build a second production line next year at the new Heiligenkreuz plant.

Mr Stepnickza said yesterday the group was instead expanding the capacity of the existing line.

Lenzing's shares closed Sch20 higher at Sch800 yesterday valuing the company at Sch2.9bn.

It is one of the financially weaker players in a fragmented industry which is ripe for consolidation.

Bank Austria is believed to want to sell its 50 per cent stake and there has been considerable speculation that the arrival of a new management team, headed by Martin Lenz, could herald a shake-up in its ownership.

## NEWS DIGEST

**SCANDINAVIA**

### Setback for Finnish utility's expansion plans

Imatran Voima, the Finnish state-owned power utility, suffered a setback to its rapid expansion in Sweden with the collapse yesterday of a proposed merger between its Swedish subsidiary and the country's third-largest generator. The deal involving Gullspang Kraft, IVO's wholly-owned subsidiary, and Stockholm Energi would have created a group with combined sales of SKr12.9bn ($1.6bn), making it a close rival to Sydkraft, Sweden's second largest generator.

However, the deal broke down because of political divisions within Stockholm's municipal authority, which owns Stockholm Energi. In spite of broad political support for a merger, the plan was abandoned after opposition parties refused to support the minority Social Democratic administration's demand for the city to retain a 50 per cent holding in the merged company for four to five years.
**Greg McIvor, Stockholm**

**BANK MERGER**

### Fokus, BNbank talks fail

Fokus Bank, Norway's fifth largest lender, yesterday said it had failed to agree valuation terms in its NKr2.15bn ($281m) merger talks with BNbank, one of the country's largest mortgage lenders. In spite of the setback, Fokus said it would seek further meetings to try to secure agreement with BNbank.

The talks, launched last month following the collapse of a proposed NKr2bn offer for BNbank from rival Den norske Bank, are understood to have foundered over the structure of Fokus's proposed all-share offer. This year, the Norwegian government blocked DnB's takeover amid fears that it would lead to a polarisation of the financial services industry in Oslo. Both BNbank and Fokus are based in Trondheim. The two banks had preliminary merger talks last year, but they were suspended when DnB made its NKr214 a share offer.

Fokus was the subject of a unsuccessful takeover bid at the end of last year, when Sparebanken NOR, the Norwegian savings bank, failed to win shareholder backing for a NKr5.16bn offer. **Tim Burt, Stockholm**

**ISRAELI PRIVATISATIONS**

### Lehman buys 2% of Leumi

The Israeli government yesterday sold 2 per cent of Bank Leumi, the country's second biggest banking group, to Lehman Brothers, the US investment bank, for $52m, reducing the state's stake to 61.5 per cent. The deal valued Leumi at $2.6bn, representing a 2.9 per cent discount on Leumi shares, which opened at Shk6.83 on the Tel Aviv Stock Exchange yesterday. The block of shares had been offered to four foreign investment banks.

The government expects to raise a further Shk450m ($125m) by selling 5 per cent of Leumi in a convertible bond offering to domestic and foreign institutional investors, scheduled for the second half of this year. An additional 10 per cent of the bank is earmarked for employees.
**Avi Machlis, Jerusalem**

**SOUTH AFRICA**

### Financial services merger

The company in which Anglo American and RMB Holdings are to merge their financial services interests to create the biggest company on the Johannesburg Stock Exchange will be called FirstRand, the two groups said yesterday. FirstRand is expected to have a market capitalisation of about R59bn ($11.7bn) and total assets of R250bn. Anglo American and RMBH will each have a 24 per cent stake.

Laurie Dippenaar, FirstRand chief executive, said the merger would create a financial services group with the critical mass and potential to add significant value and to exploit the strengths of its respective components.

Last month's announcement of the Anglo-RMBH deal has been followed by other big consolidation moves in the South African financial services sector. Liberty Life and Stanbic are discussing the creation of a single holding company to oversee their banking, life assurance and fund management operations, and the Board of Executors group announced a R17.9bn plan this week to simplify cross-shareholdings with its partners to create a single investment banking group.
**Victor Mallet, Johannesburg**







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**ELECTRONICS** DEPRECIATION OF YEN BOOSTS JAPANESE GROUP'S SALES BY 5% AND OPERATING PROFITS BY 20%

# Sony sees difficult year as Asia crises bites

By Paul Abrahams in Tokyo

Sony, the Japanese electronics group, warned that the new fiscal year would prove very difficult, mainly because of the crisis in Asia.

The company said it was already seeing the effect of the crisis on sales and expected demand in countries such as Thailand and Indonesia to fall quickly.

Nobuyuki Idei, president and chief operating officer, said he expected the company would achieve the targets for the year ended March 31 that it had set itself in January this year. These were a 17 per cent increase in sales to Y6,600bn ($49.5bn), a 35 per cent rise in operating profits to Y500bn and a 51 per cent increase in net profits to Y210bn.

Full results would be announced in May. In the current year it aimed to match those numbers, Mr Idei said.

A substantial element in the sales and profits improvement had been due to the depreciation of the yen, conceded Mr Idei. The Japanese currency's decline had boosted sales by 5 per cent, and operating profits by about 20 per cent.

The core audiovisual business had performed well, and the introduction of flat-screen Trinitron televisions had allowed Sony to increase market share in the difficult Japanese market.

Camcorders, 8mm analogue cameras and personal stereos had also posted steady growth. Cameras that use floppy disks that can then be downloaded on to personal computers had done very well, "quite to my surprise", Mr Idei said. In the US, the group would this year launch digital televisions, a business that offered considerable promise.

Minidisc products were experiencing an explosion in Japan, and more than 1m units had been sold in Europe, where the technology was in take-off stage.

The US was proving slower, mainly because of the price difference between traditional tape recorders which cost about $20 and Minidiscs at $200.

In personal computers the company was now market leader in notebooks in Japan, ahead of its rival NEC.

The US PC market remained difficult, however. Kunitake Ando, president of the information technology division, said 80 per cent of the market there was for products under $1,500 and it was difficult to compete below that level. In Japan, 50 per cent of the PC market was for notebooks, and the aim in the US was to shift into these types of products.

Sony Computer Entertainment, the Sony Playstation division, continued to perform exceptionally, Mr Idei said.

# Japan's PHS phones set for retreat

Cheap cellular system has been overtaken by technology, writes **Michiyo Nakamoto**

Japan's personal handyphone system (PHS), a low-cost cellular phone system which once promised a vast new market in mobile communications, is poised for retreat less than three years after its launch.

Earlier this week NTT Docomo, the cellular phone operator, announced it would take a Y36bn ($270m) loss on its 48 per cent investment in the NTT group's PHS companies, in a move signalling a fundamental restructuring of the PHS operations.

NTT Docomo's move follows that of NTT, Japan's largest telecoms company, which said it would post significantly lower profits in the year to March 1998 as a result of losses in its PHS subsidiaries. NTT is posting a Y67bn extraordinary loss in relation to its PHS operations, which have accumulated losses of Y240bn over the past three years.

NTT is considering how best to stem future losses related to the PHS business, including the liquidation of the nine PHS companies in the NTT group scattered throughout the country.

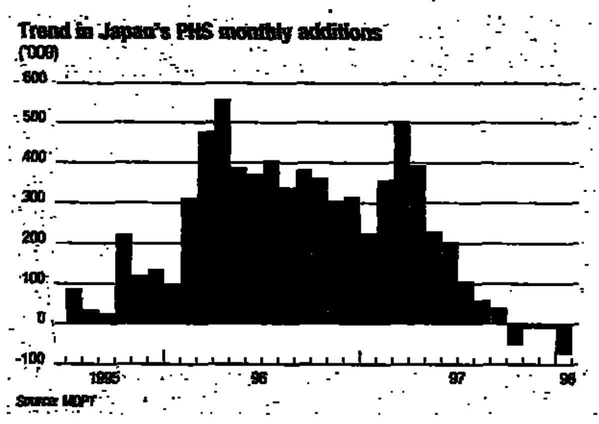
The downfall of PHS has been swift. When the system was launched in Japan in 1995, it was hailed as a low-cost cellular phone.

At that time, cellular phones were still relatively expensive and heavy, making a cheaper, lighter system attractive to less status-conscious consumers. The basic monthly rate of about Y2,000, and call rates of Y40 for three minutes to fixed-line phones within the designated area, were affordable even for high-school students. PHS became a popular accessory for students and housewives alike, who did not mind the fact it could not be used in moving vehicles or that it had limited coverage.

The PHS companies fanned initial enthusiasm for the new services by competing ferociously for market share. In their desperation to sign on subscribers, the PHS companies gave away handsets almost for free. Even today, PHS handsets are offered as lottery prizes in the hope that the lucky winner will be tempted to subscribe to the service.

What the PHS companies did not foresee, however, was the dramatic speed of change in the cellular phone market. Cellular phones have become smaller and lighter, and thus not much more of a burden than carrying a PHS handset. This was something that even NTT, the company which developed the indigenous cellular phone standard, admits it had not reckoned on.

At the same time, fierce competition has driven down the cost of using cellular phones. A Y200,000 deposit has been abolished, the Y80,000 subscription charge has also gone, and monthly basic charges have come down to about one-fifth the original level. Call rates have nearly halved in certain cases.




Given that PHS users cannot use the phones in moving vehicles and that the PHS networks have more restricted coverage than that of cellular phones, the loss of an advantage in weight, size and costs has been critical.

PHS operators have also had to deal with a high rate of churn, at about 4 per cent to 5 per cent a month, says Eric Gan, industry analyst at Goldman Sachs. As a result, the number of PHS subscribers has declined from a peak of 7.07m last September to 6.93m in January.

Furthermore, there is a growing consensus in the industry that the whole PHS strategy was flawed and that the system needs to be repositioned for a different market. PHS has lost its main advantages over cellular phones – even its ability to offer faster data transmission will soon disappear with the emergence of next-generation cellular phone technology in a few years.

Rather than compete head-on with cellular phones, PHS should be used as a substitute for cordless phones in places such as factories, where it can offer low-cost mobile communications, says Yoichi Morishita, president of Matsushita, the consumer electronics group which makes both cellular phones and PHS handsets.

That means the PHS market will be much smaller than originally conceived, and operators will need to stem their losses accordingly.

Even for a giant such as NTT, the accumulated losses of Y240bn – seven times the total asset value of NTT Personal – "was too much to bear", Dresdner Kleinwort Benson noted in a recent report.

Calling time: PHS phones in production

NTT is considering merging the PHS business with its cellular phone business in NTT Docomo, or liquidating the PHS operations and transferring the assets to Docomo.

Whichever option is chosen, NTT's decision to bite the bullet and write off its losses is likely to be the first, rather than the last, in an industry-wide restructuring of PHS operations.

# Moody's warns Australia groups

By Mark Mulligan in Sydney

Moody's Investors Service, the ratings agency, yesterday warned that several Australian companies faced possible downgrades or outlook reviews because of the Asian economic slowdown.

John Cunliffe, Moody's Sydney office managing director, said resource companies such as BHP were vulnerable, along with lowly rated exporters, companies with significant investments in the region and those involved in tourism.

"We are monitoring rated entities in these areas very carefully at the present time," he said. "If the situation in Asia does not improve in the near future, I can see the ratings outlook for a number of Australian companies changing for the worse or even ratings being placed on review for a possible downgrade."

Moody's placed ANZ, the banking group, on negative outlook in January, while BHP is already under formal review for a possible downgrade, on which a decision is expected soon.

Robert Prugue, strategist at ANZ Securities in Sydney, said weak commodities prices and falling demand from Asia had soured the outlook for resource companies around the world.

Australia was particularly vulnerable because of its heavy dependence on commodities exports to Asia – 84 per cent of the country's coal exports went to greater Asia, as well as 77 per cent of its agricultural exports.

However, Robert Prugue cautioned against panic. "We are seeing severe problems in Asia, but the Asian values – high rate of savings, education and the work ethic – are still intact. So although demand for imports is damped, those values will ensure the region bounces back."

Moody's warning came a day after Standard & Poor's, the other of the big two rating agencies, said that Qantas, the airline, was well positioned to ride out the Asian storm in spite of falling passenger numbers from the region.

S&P said management had reacted positively to cope with the downturn in traffic from Asia. It said it expected "a modest improvement in Qantas after-tax profit in 1998, largely driven by additional efficiency savings".

Shares in Qantas yesterday closed up 4 cents at A$2.52, while BHP fell 2.2 cents to A$15.41.

# 'Big Bang' set to cut forex costs for companies

By Gillian Tett in Tokyo

Some of Japan's largest companies expect savings of Y1bn ($7m) or more a year on foreign exchange transactions as a result of the government's "Big Bang" deregulation.

Electronics groups such as Sony, Hitachi and NEC have indicated they expect savings of between Y1bn and Y2bn after the removal of most foreign exchange controls on April 1.

These estimates provide the first evidence that "Big Bang" could benefit Japan's industrial sector by reducing the cost of financial services, although the changes could lead to lower revenues for Japan's banks.

The cost cuts have arisen in part because the regulatory changes on April 1 allow Japanese companies for the first time to conduct trades in currencies other than yen within Japan. They also permit companies other than banks to start foreign exchange businesses.

This means manufacturers or trading companies will no longer need to pay bank commission charges on foreign exchange transactions.

The April 1 changes also permit companies to conduct foreign exchange "netting" without applying for special government permission. This practice enables companies to calculate the difference between receivables and payables on a series of foreign exchange deals between different global operations, and settle the balance in one "lump sum". This cuts costs and reduces currency exposure.

NEC had developed extensive computer systems to carry out netting on Japanese operations from April 1. "Knowing that Big Bang was coming, we set the systems in place to take advantage of the changes," it said. NEC's projected annual cost savings of Y1bn compare with pre-tax profits of Y121bn in fiscal 1996.

Hitachi is also preparing to introduce netting and anticipates Y2bn in annual savings, compared with Y263bn profits in 1996. Meanwhile, Sony expects savings of between Y1.3bn and Y2.6bn, compared with pre-tax profits of Y312bn in 1996.

Marubeni, the trading company, is also introducing new foreign exchange systems, including "in-house banking", and anticipates cost cuts of about Y200m.



NEWS DIGEST

**BANKING**

## NAB pays US$201m for mortgage portfolio

National Australia Bank yesterday agreed to pay US$201m for part of the home loan portfolio of Banc One of the US. Under the deal – through NAB's recently acquired Homeside, the US mortgage manager – the Australian banking group will take over a "significant" slice of Banc One Mortgage Corp's business over the next five years. The purchase gives Homeside the servicing rights and sub-servicing rights to 266,100 mortgages worth US$18bn, although Banc One retains the right to cross-sell other products to its borrowers and will continue originating the loans for Homeside.

NAB said yesterday's deal was the first of many planned to expand its global mortgage operations through Homeside. Hugh Harris, Homeside president, said the deal with Banc One would lift its presence in the midwest and southwest regions of the US. **Mark Mulligan, Sydney**

**STEEL**

## Kobe to resume dividend

Kobe Steel, of Japan, is to resume dividend payments after five years with a Y2 a share payout for 1997-98.

The company said it cut its forecast for parent net profits in the year to Y7.5bn ($56.3m) from its earlier forecast of Y8bn. The pre-tax profit forecast is unchanged at Y25bn, with the revenue forecast left unchanged at Y1,120bn. Kobe blamed capital losses of Y10.6bn on securities holdings for the profit downgrade. Part of the loss will be offset by gains from the sale of other securities holdings, it said. **AFX-Asia, Tokyo**

**AUSTRALIA**

## Blockbuster unit to expand

Blockbuster Australia, a subsidiary of the US entertainment and publishing group, is boosting its video hire business with 39 new store franchises throughout the country.

Blockbuster has formed a franchise agreement with 37 Video Flicks stores and two independent video stores based in Queensland. It declined to disclose the price of the agreement. The group opened its first Australian video rental store in 1991 and has, with the Video Flicks acquisition, expanded its business to 170 stores nationwide. F.L. Chase, vice-president of Australian and New Zealand operations, said the deal was the start of the company's move into the franchise business. "We hope to grow by 100-150 franchise stores in the next 12 months," he added. Franchising was the quickest way to grow to a critical mass, according to Mr Chase. "The Australian video industry is mature and competitive. We are looking at areas to fill the geographical gaps in the business," he said.

He added that the company had only 11 stores in New Zealand and that its operations there were unlikely to expand at the same rate as in Australia. **AP-DJ, Sydney**

*Comments and press releases about international companies coverage can be sent by e-mail to international.companies@ft.com*

**FINANCIAL SERVICES** DUTCH GROUP SEES Fl 1bn BENEFIT FROM NEW TREATMENT OF EQUITY AND PROPERTY DEALINGS

# Accounting shift set to lift ING profits

**By Gordon Cramb in Amsterdam**

Shares in ING jumped 5.1 per cent yesterday after the Dutch financial group said a change in the way it treats its equity and property dealings should boost net profits by about Fl 1bn ($480m) this year.

The figure depended on market conditions, it warned. For last year it charged Fl 500m against risks in Asia, split equally among specific and general provisions. The company also said that its securities operation, ING Barings, had failed to meet targets.

The accounting shift brings ING more in line with international standards, allowing it to book realised gains and losses on equities and property to the profit and loss account.

If it produces the expected result, the move would itself generate the same 24 per cent earnings growth as ING yesterday reported for 1997, when profits reached Fl 4.105bn.

ING gave no overall forecast for the year, saying that upheavals in Asian markets made that difficult. But it expected a "substantially" higher profit level, helped by recent acquisitions.

Because of Asia, investment banking had entered a difficult patch. ING Barings, the securities operation of the British merchant bank it rescued three years ago, failed in 1997 to meet the performance targets set by its parent.

Godfried van der Lugt, the ING director who takes over as group chairman mid-year, said yesterday the London unit had not reached the desired 10 per cent annual earnings growth and 11 per cent return on investment.

After cuts in Barings' Latin American and south Asian equity operations, and a shake-out among rival European-based investment banks, Mr van der Lugt reiterated that ING was "committed" to Barings. But, he said: "We can rationalise and integrate."

He announced the creation of ING Barings Investment Bank Western Europe, a partnership between the Barings teams in London, Frankfurt and Milan, colleagues working for the Amsterdam-based parent, and those at Banque Bruxelles Lambert in Belgium and Furman Selz in New York.

The entity is intended to expand the group's client base in mergers and acquisitions and equity trading ahead of the launch of the single currency.

ING left the way open for further cuts in Asia, stressing the importance of Europe above its traditional expertise in emerging markets. Aad Jacobs, outgoing chairman, said: "We admit openly that in the course of the next few months or year there will be a lot of dust flying about."

The group earnings figure was in line with analysts' forecasts. It reflected a three-month contribution from Equitable of Iowa, the US insurer bought for $2.2bn.

The dividend totals Fl 2.30 a share, up from Fl 2, drawn from earnings of Fl 5.25, against Fl 4.56. The shares added Fl 6.10 to Fl 125.70.

# Tie-up talk lifts Générale de Banque shares

**By Neil Buckley in Brussels**

Shares in Générale de Banque, Belgium's biggest bank, rose 5.5 per cent to a record yesterday, amid intensifying speculation that the bank is about to announce a tie-up with Fortis, the Belgo-Dutch financial services group, to create a new Belgian superbank.

The bank's shares jumped from BFr20,275 to BFr21,400, and shares in Fortis gained 3.3 per cent to BFr10,950. Shares in Société Générale de Belgique, the powerful holding company known as La Générale which has stakes in both groups, rose 2.5 per cent to BFr5,000.

The rises were fuelled by speculation surrounding a board meeting at Fortis Amev, the group's Dutch arm, where the progress of talks with Générale de Banque is understood to have been on the agenda.

Analysts now believe a link, creating Belgium's biggest bancassurance business, is almost inevitable – in spite of reports in Belgium's Dutch-language press suggesting Fortis Amev is suspicious of the intentions of Suez-Lyonnaise des Eaux, the French group that owns 63 per cent of Société Générale de Belgique.

They suggest an announcement could be made between April 15, when Suez-Lyonnaise reports results, and April 23, when Générale de Banque holds its annual meeting.

There is also increasing speculation that a Fortis-Générale deal could be linked with or followed by broader restructuring of Suez-Lyonnaise's Belgian interests. That could mean either a move by Suez-Lyonnaise to take full control of La Générale, by buying out minority shareholders, or a merger of La Générale and Tractebel, the energy utility group which is the holding company's biggest asset.

The Belgian government could be concerned by either move. Last year it demanded guarantees of autonomy for Tractebel at the time of the merger of France's Compagnie de Suez with French utility Lyonnaise des Eaux.

Analysts believe a Fortis/Générale de Banque deal would involve the former linking its three banking subsidiaries with the latter, and gaining a proportionate stake in the enlarged bank that would result.

Thierry Hazevoets, of BBL Vermeulen Raemdonck, says that with Générale de Banque valued at about BFr315bn ($8.3bn), and Fortis's banking subsidiaries at about BFr230bn, Fortis would end up with 42 per cent of the enlarged group.

# Schindler starting to push the right financial buttons

## Swiss group is focusing on lifting returns in its escalators and elevators businesses, write **Peter Marsh and William Hall**

Shares of Schindler, the world's second biggest manufacturer of lifts and escalators, have jumped nearly 40 per cent over the last two months, as investors climbed on board one of Switzerland's premier capital goods companies.

After several years stuck in the basement of Swiss stock market valuations, Schindler's management, headed by Alfred Schindler, 49, at last seems to be pushing the right financial buttons. The 124-year-old Lucerne company, founded by Mr Schindler's great uncle, increased its net profits 61 per cent last year to SFr142.8m ($93m) and raised its dividend for the first time in four years.

It has finally dumped its highly cyclical railway rolling stock business, appears to have turned round its once troubled computer distribution unit, and is now concentrating on improving the financial returns in its core business of escalators (where it is world leader) and elevators (where it is number two behind Otis, the US group which is part of United Technologies).

Mr Schindler describes the industry as "a battlefield" and has his share of scars to prove it. Shortly after Schindler moved into the top league with the 1989 acquisition of Westinghouse's US elevator and escalator business, the US property market slumped and so did demand for Schindler's smart high-rise elevators.

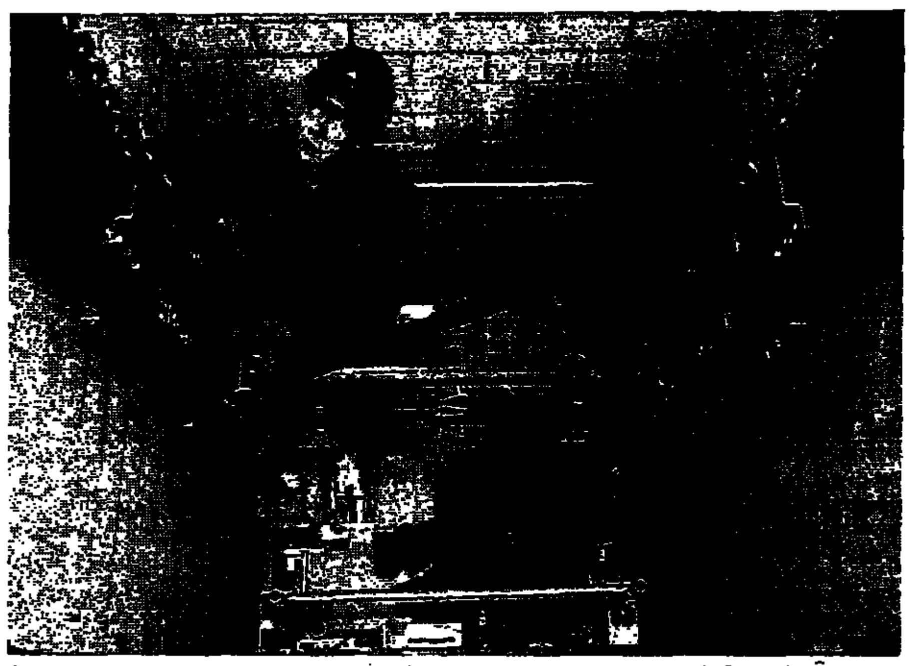
The European construction industry then fell into a deep recession and, just as it is starting to recover, the financial crisis in Asia – which takes roughly two out of every three new elevators by value – has cast a cloud over the fastest growing and most profitable part of Schindler's business.

In Mr Schindler's first five years at the helm, the company's profits trebled and its workforce grew 44 per cent.

But since 1990, it has been a hard slog. Net income has risen just 7 per cent and is still below its 1993-94 peak, and Schindler is investing less in fixed assets than it was at the start of the decade. Mr Schindler describes the overall market conditions as "lousy".

Nevertheless, analysts give him credit for expanding his company threefold to sales of more than SFr6bn a year and starting to turn around its profitability.

Schindler has spent more than SFr1bn buying at least 30 companies since 1983 and Mr Schindler is having some success in pushing up operating margins, from 2.3 per cent in 1996 to 3.8 per cent last year. He is aiming at 6 per cent by 2000.



Going up: Schindler wants to cut the time taken to build some of its lifts to three weeks

After the company's expansion, Europe now accounts for just under half of Schindler's sales in its core business.

"They've done a good job in moving from being a local supplier to the world's clear number two," says Mikael von Euw, an analyst at SBC Warburg Dillon Read.

SBC Warburg Dillon Read is forecasting a 20 per cent a year growth in earnings over the next three years, while NatWest Markets expects it to more than double net income to more than SFr300m plus by 2000.

For both Otis and Schindler, less than half of revenues come from new installations, with the rest derived from service, spare parts and refurbishment of existing equipment.

In this situation, speed of reaction to the demands of customers, as well as slicker and more efficient ways of making new systems, are highly important.

Schindler is also trying new ways to cut the time taken to make a complete lift, from the normal six months to a year to no more than three weeks for some models. In its plant in Clinton, North Carolina, it can make an escalator system in less than a week, roughly one-tenth tenth of the time it took seven years ago.

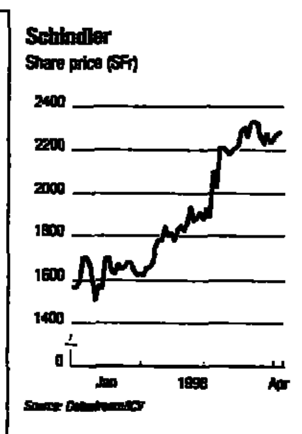
The group has instituted efficiency programmes at its 20 other lift and escalator plants worldwide, and has ploughed cash into innovations such as new lift control systems and the Schindler-Mobile, an elevator that can move sideways as well as vertically.

However, Schindler still needs to prove it can win the battle for the Chinese market, which it believes will soon be the world's biggest national market.

It was the first Western company to set up a Chinese joint venture and now employs 4,500, or 12 per cent of its workforce, in four Chinese plants.

Uli Sigg, a former Schindler executive and member of one of the company's founding families, is now the Swiss ambassador to China.

If Schindler is ever to overtake Otis it will have to conquer the China market. If it does, then Alfred Schindler may have to share the battle honours with Mr Sigg.






# Paris sells 9.5% stake in Pechiney

**By David Owen in Paris**

France's Socialist-led government has made a further disposal of state assets by selling 7.7m shares of Pechiney, the French aluminium and packaging group, for FFr2.3bn ($371m).

Approximately half the shares – which represent 9.5 per cent of Pechiney's capital – will remain in public-sector hands, however, as they are being sold to Electricité de France and Cogema, the nuclear fuel specialist.

EdF, which held 4.75 per cent of Pechiney at December 31 1997, explained its decision to buy a further 3 per cent of the aluminium group's capital as part of "the build-up of a portfolio of assets" earmarked for financing expenses.

Cogema indicated that its shares would form part of an investment portfolio designed to help pay for future dismantling costs. It will acquire between 815,000 and 1.63m Pechiney shares under the terms of yesterday's transaction.

In common with a number of large French companies, Pechiney's capital has fallen increasingly into the hands of foreign institutional investors in recent years.

On the basis of shareholdings at the end of 1997 and allowing for yesterday's sale of all but a residual 1 per cent of the French state's holding, the aluminium group's two largest shareholders are two US-based institutional investors – The Capital Group of Companies Inc, with 11.77 per cent, and Templeton Global Investment Inc, with 10.33 per cent.

Both Pechiney and the French finance ministry yesterday denied that the sale of shares to EdF and Cogema represented an attempt to protect Pechiney from hostile takeover.

Under yesterday's deal, a consortium made up of Banque Nationale de Paris, Credit Suisse First Boston and Goldman Sachs is placing 3.625m shares on the market. The grouping may increase the number of shares placed by 815,000 to 4.44m.

Pechiney shares yesterday fell FFr2.50, or 0.8 per cent, to FFr296. This compared with a 1.35 per cent advance for the benchmark CAC-40 index.

# Mapfre slips 7% to Pta33.44bn

**By David White in Madrid**

Mapfre, Spain's largest insurance group, saw its overall earnings slip almost 7 per cent last year but said it was counting on strong profit growth from a string of acquisitions in Latin America, which would eventually make up the biggest part of its business.

Pre-tax earnings for the group, known as Sistema Mapfre, fell to Pta33.44bn ($213m) from Pta35.89bn last time. The main slippage came in the highly competitive motor insurance business, run by the parent company Mapfre Mutualidad, a mutualist insurer owned by its members.

However, the group's listed holding company Corporación Mapfre, majority controlled by Mapfre Mutualidad, lifted its pre-tax profit by almost 11 per cent to Pta19.64bn and its net attributable earnings by 6 per cent to Pta10.36bn. Net earnings per share were Pta171, against Pta166 the year before, and the company is maintaining its dividend at Pta87.50 a share.

Other group companies are controlled through Corporación Mapfre, including the separately quoted life assurance arm Mapfre Vida, which boosted net earnings by 20 per cent to Pta6.58bn.

International operations, mainly concentrated in Latin America, emerged from the red last year with a Pta234m pre-tax profit, compared with a Pta329m loss in 1996.

"The fundamental change has to be in Mapfre America," said José Manuel Martínez, chief executive of Corporación Mapfre, referring to the newly renamed subsidiary covering non-life insurance in Latin America.

He said a relatively small investment of Pta45bn had made Mapfre into the region's largest foreign insurance group.

Mapfre has been negotiating with several institutional shareholders including the CajaMadrid savings bank, as part of a wide-ranging partnership, to take a combined 20 per cent stake in the Latin American arm through a capital increase.

The deal, designed to raise funds for further investment, is expected to be finalised in the next few months. J.P. Morgan, the US investment bank, has been acting as adviser.

Domingo Sugranyes, managing director, said Mapfre America might seek a listing "in a few years".

Premium income in the region soared almost 83 per cent last year to Pta213.05bn. This compared with 18.5 per cent growth for the group as a whole, with an overall premium volume including life assurance of Pta715.42bn.

## NEWS DIGEST

### TELECOMMUNICATIONS

## Telefónica expects rights issue to raise Pta427bn

Telefónica, the Spanish telecommunications group, expects to raise Pta427bn ($2.72bn) through the rights issue it is launching next week, after setting a price of Pta5,000 a share. The 1-for-11 issue, by far the largest by a Spanish company, is aimed at funding a further investment drive by the group in Latin America, particularly in the privatisation of Brazil's Telebrás. A month-long subscription period opens on Monday.

The price, 29 per cent below Wednesday's closing on the Madrid market of Pta7,050, signalled the group's desire to make the issue attractive to its small shareholders, a year after the final stage of its privatisation. Yesterday its shares added a further 0.85 per cent to Pta7,110.

The new shares will qualify for dividends paid from this year's results but not the complementary dividend for 1997, to be paid next month.

Analysts estimated that on the basis of Wednesday's price the theoretical value of the subscription rights would be about Pta170. They said they expected no problem in placing the shares, but added that Telefónica was somewhat misleading in announcing a 29 per cent "discount" – most shareholders being unaccustomed to the workings of this kind of issue and the separation of subscription rights. **David White, Madrid**

### TABACALERA PRIVATISATION

## Small investors targeted

The Spanish government intends to distribute ownership of Tabacalera widely among small domestic investors when it privatises the tobacco group at the end of this month. Pablo Isla, chairman of Seppa, the government agency that owns 52 per cent of Tabacalera, said yesterday he expected the group to have more than 300,000 shareholders after its market disposal, against 14,000 currently.

About 70 per cent of the placement, valued at Pta330bn ($2.1bn), would be reserved for small investors; between 8 per cent and 10 per cent would be allocated to domestic institutions, and between 20 per cent and 22 per cent would be offered, in a single international tranche, to non-Spanish institutions, Mr Isla said.

Argentaria, Banco Bilbao Vizcaya and Banco Central Hispano, three of Spain's four top commercial banks, will co-ordinate the offer together with Merrill Lynch, of the US, to ensure extensive domestic distribution of the stock.

Cesar Alierta, Tabacalera's chairman, said the group would deliver double-digit profit growth "for the foreseeable future" and would maintain a "minimum" dividend payout to shareholders of 50 per cent of group profits.

Additional earnings are expected from an early retirement and voluntary redundancy programme that has still to be agreed with unions, which will cut the group's labour force by 25 per cent to 4,700 by 2002. **Tom Burns, Madrid**

### DERIVATIVES

## Matif contracts on DJ indices

Matif, the French futures and options exchange, said yesterday that futures and options derivatives would be available for trading on June 22 on Dow Jones equity indices set up to coincide with the launch of the European single currency.

Four contracts for futures and options will be tradeable on the Dow Jones Stoxx 50 Index, which groups Europe's leading companies, and on the Dow Jones Euro Stoxx 50, which groups the top companies in the euro zone. The contracts will be listed on the French, German and Swiss futures exchanges, which have joined forces to form the Euro Alliance. **Vincent Boland, London**

### MANNESMANN

## Telecoms units improve

Mannesmann, the German industrial conglomerate, said yesterday that the pre-tax profits of its telecommunications businesses jumped 31 per cent last year to DM1.244bn ($673m). The first breakdown of its divisional results highlighted the dominance of telecoms to the group once best known for its steel tubes. Mannesmann operates Germany's largest digital mobile telephone network and started public service fixed net operations in January.

However, Mannesmann also lifted pre-tax profits 43 per cent to DM264m in its automotive division. Tubes and trading operations produced a profit of DM120m, compared with a loss last time of DM92m. Engineering profits improved from DM18m to DM207m. Mannesmann also said earnings per share were DM26, compared with DM22 in 1996.
**Ralph Atkins, Bonn**

### FORD

## German arm returns to profit

Ford-Werke, the German unit of Ford Motor, said yesterday that record sales and cost-cutting in 1997 helped the group return to profitability. Net profit rose to DM42.6m ($23m), compared WITH a loss of DM551.6m IN 1996, on sales of DM28.1bn, up from DM26.4bn.

"The turnround was reached through active cost management," said James Donaldson, chief executive. "In addition, there was an improvement in the brand image through innovative and high-quality products."

Sales figures for the first two months of this year showed Ford's strategy was continuing to boost results, with turnover climbing higher still. **Reuters, Frankfurt**

### FRERE BOURGEOIS

## Fibelpar stake lifted

Frère Bourgeois, the private holding company at the centre of the financial empire of Baron Albert Frère, the secretive Belgian financier, has acquired a further 31.72 per cent of Fibelpar, its partially-owned subsidiary, for about BFr11.6bn ($304m). Fibelpar is the biggest shareholder in Caisse Nationale à Portefeuille, another holding company.

The group said it was prepared to sell all or part of the stake, and that a CNP subsidiary had expressed interest in acquiring up to 10 per cent of Fibelpar.

About 19 per cent of the Fibelpar stake came from Belgian companies Société Générale de Belgique, Tractebel, Finoutremer and AG 1824, which issued a joint statement valuing the sale at "close to BFr7bn". The remaining 12.72 per cent came from Electrafina, another Frère company, which sold it for BFr4.6bn. **Neil Buckley, Brussels**

**INSURANCE** WINDFALL BONANZA LIKELY FOR 500,000 POLICYHOLDERS

# Canada Life to shed mutual status

**By Scott Morrison in Toronto and Christopher Brown-Humes in London**

Canada Life yesterday became the fourth big Canadian life assurer to announce plans to shed its mutual status. It aims to become a publicly traded company, with a market capitalisation estimated by analysts at about C$5.2bn (US$3.7bn).

David Nield, chief executive, said demutualisation would give the company financial flexibility and allow it to grow more quickly, both internally and through acquisitions.

"We foresee continued consolidation in the life assurance industry in all the countries in which we operate, and we intend to use our proven acquisition expertise to undertake more transactions," he said.

The announcement had been expected after three of the group's main domestic competitors – Mutual Life, Manufacturers Life and Sun Life – said they planned to demutualise. The quartet join a global trend that has seen insurance companies in the US, UK, Australia and South Africa go public to raise capital.

Canada Life's decision will provide a windfall bonanza for its 500,000 participating policyholders, who will share its C$2.6bn surplus. Some 60 per cent of participating policyholders are in Canada, 20 per cent in the UK and Ireland and the remaining 20 per cent in the US. One insider estimated that the 90,000-100,000 qualifying UK policyholders could be in line for average windfalls of £2,500. The group aims to complete demutualisation by the end of 1999.

Canada Life, which offers life and health insurance, annuities and investment services, is the country's fifth largest life assurance company measured by its C$43bn in total assets under administration.

It was formed in 1847 and has been active in the UK since 1903. It is now one of the 20 largest UK life and pensions groups, having expanded substantially by acquisition.

Last year it bought Albany Life and two other businesses from Metropolitan Life, of the US, for about £175m ($293m).

It estimates it has 840,000 policies in force in the UK and 750,000 individual policyholders. UK funds under management total £6bn.

Canada's life assurers cannot move ahead with demutualisation until a financial task force proposes new guidelines to enable large life mutuals to convert to publicly traded groups.

Canada's insurance industry has seen widespread consolidation in the past year, most notably with Great-West Lifeco's C$2.9bn takeover of London Insurance.

# Morgan Stanley to sell custody business

**By William Lewis in New York**

Morgan Stanley Dean Witter, the US-based financial services group, yesterday confirmed it was in talks to sell its global custody and clearing businesses as part of a move to concentrate on three core businesses – securities, asset management and credit services.

Morgan Stanley said it had entered into discussions with "established market leaders" but declined to give details of the likely acquirer and potential price.

However, people close to the deal said Chase Manhattan, the largest US bank and market leader in global custody, was the leading contender to buy the businesses. Chase is thought to be prepared to pay more than $500m, with some estimates as high as $600m.

Philip Purcell, chairman and chief executive officer, said that following last year's merger of Morgan Stanley, the investment bank, with Dean Witter Discover, the US retail brokerage network and credit card business, executives had decided that "in the future we intend to focus on our core businesses where we can achieve leading market positions".

John Mack, president and chief operating officer, added that the "resources necessary to achieve greater scale and maintain market leadership in global custody and correspondent clearing can be utilised to capture opportunities in our core securities, asset management and credit services business".

Mr Mack said that many of Morgan Stanley's custody and clearing clients had business relationships with other parts of the firm, and that if a sale was successfully concluded "we will work to ensure a smooth transition for all clients".

Assets under custody at Morgan Stanley are about $400bn and the global custody unit employs more than 500 staff in 11 offices worldwide. The clearing business has 80 staff.

Morgan Stanley entered the custody business about 10 years ago.

# IBJ Schroder in $20m buy

**By John Authers in New York**

IBJ Schroder Bank & Trust, the US fund management arm of the Industrial Bank of Japan, yesterday announced it had bought Delphi Asset Management, which was privately held, in a deal thought to be valued at slightly more than $20m.

It is an unusual development, at a time when many Japanese financial institutions are trying to reduce their overseas interests. However, IBJ made clear yesterday that it intended to continue expanding in the US, where it is particularly interested in the lucrative pensions and institutional fund management markets.

Delphi, founded in 1980, has about $1bn in funds under management, spread across a range including private client and institutional funds, as well as a domestic and an international hedge fund. It has a workforce of about 20 people and will be operated as an independent subsidiary.

IBJ Schroder has about $3bn in assets, and said it would continue to expand its business in the US through acquisitions. The intention is to grow "critical mass", as the company is still very small, and there is a growing belief in the US that competitors need scale, both for their competitive position, and to contain costs. This has led many small fund managers to decide to sell to larger competitors in the past few years.

According to Charles Porten, IBJ Schroder chief investment officer, the deal will allow the company to become a "major manager of speciality investment product". The deal is intended to provide greater assets under management, and to expand the company's product list. It has also agreed to maintain all Delphi's present employees.

Terms of the acquisition were not disclosed, but it is understood that IBJ Schroder paid about $20m. This would be a standard multiple for a fund management business.

# Eletrobrás set to raise $3bn via bond issue

**By Stephen Fidler, Latin America Editor**

Eletrobrás, the Brazilian federal electricity company which is set to be privatised, is planning to issue $3bn of bonds this year securitised on revenues from the Itaipú hydroelectric dam between Brazil and Paraguay.

Jose Pio Borges de Castro Filho, vice-president of Brazil's National Economic and Social Development Bank (BNDES) which is handling the issue, said it would be part of a planned $5bn offering of securitised receivables over the next two years.

Speaking at a seminar organised by the Financial Times on power privatisation in Brazil, he said the first offering could take place next month or early in June. CS First Boston has been appointed global co-ordinator.

He said three rating agencies were looking at the securities, and he was hopeful they would be rated higher than Brazil's sovereign rating – BB- for Standard & Poor's and B1 for Moody's. However, the "consensus" suggested the securities might not be regarded well enough to advance the three or four notches to investment grade.

After pessimism about the appetite for Brazilian bonds early in the year following Asia's financial crisis, this concern has eased since February. This week a $1bn global bond issue for the government was raised from $1bn to $1.25bn. This has increased the probability that at least some of the securities will be issued this year.

He said about $16.5bn of receivables were due from Itaipú to Eletrobrás, assets which were often ignored when analysts were assessing the debts of the company. "We don't mean to place this volume of securities: it's out of the question. Our target would be to do $5bn in the first two years."

The securities will add to the volume of Brazilian risk expected to reach the debt markets this year on the back of the country's heavy utility privatisation schedule.

With the sale of the power and telephone sectors, many of the bidding companies will be seeking debt financing, though probably more from the bank market than the bond market. Moreover, refinancing of successful bids made over the past year would increase market demand, delegates to the seminar were told.

Pedro Malan, the finance minister, said privatisation revenues had already reached $50bn and this figure would be expected to double over the next two years.

# GTech falls into loss

**By Richard Waters in New York**

GTech, the US company which earlier this week sold its stake in the UK national lottery, yesterday registered a $36m loss for the final three months of its financial year as it began an overhaul of its operations.

Guy Snowden: his severance pay contributed to $99.4m charges AP

The loss in part reflected payments the company said it was contractually obliged to make to two founders who left the company earlier this year, Guy Snowden and Victor Markowicz.

Mr Snowden, the company's former chairman, resigned on February 3, the day after a UK court supported a claim that he had hinted at a bribe to Richard Branson to persuade the British businessman not to compete for the UK lottery contract.

The retirement of the two men had been due later in the year as part of a long-standing plan to hand control over to a new management group led by William O'Connor, GTech said. The company made a total of $18m in severance payments to the two men.

The Rhode Island-based company took special charges of $99.4m to cover the payments to the executives and a restructuring first announced in February.

This plan, which included a cut of betweeen 12 per cent and 15 per cent in the company's workforce, was intended to mark a transition from focusing on winning contracts to run lotteries in US states and countries around the world to operating existing contracts more efficiently.

The loss for the three months to the end of February, equivalent to 87 cents a share, compares with an after-tax profit of $23m, or 54 cents a share, the year before.

For the year, GTech reported net income of $27m, or 65 cents a share, down from $77.8m, or $1.81. Revenues climbed 9.5 per cent to $991m.

# Security Capital groups merge

**By Richard Waters**

Wall Street showed little enthusiasm yesterday morning for an acquisition that will create a national apartment building company in the US as it wiped 4 per cent from the shares of Security Capital Pacific, the real estate investment trust (Reit) behind the deal.

The company, which operates in the western states, announced a $1bn transaction to acquire Security Capital Atlantic, a related Reit that operates in the south-east. Together, the two said they would own 304 developments with 90,166 apartments, forming the basis for the country's first nationally branded apartment chain.

However, fears that SCP's earnings would be diluted by the addition of SCA led to a fall in its shares. They fell $1 to $23$\frac{1}{16}$, while stock in the much smaller SCA rose $1$\frac{11}{16}$ to $22$\frac{11}{16}$.

The Security Capital group, which owns large minority stakes in both companies, has been an advocate of larger public real estate holding companies. A combination of the two entities, which had a total market capitalisation of $5.3bn, would be renamed Archstone Communities.

## NEWS DIGEST

**COMPUTER INDUSTRY**

### AMD finance chief joins Packard Bell NEC

Marvin Burkett, former chief financial officer at Advanced Micro Devices, has been installed in a new post as worldwide finance chief at Packard Bell NEC, the loss-making joint venture personal computer group.Packard said he would play a pivotal role in the company's international expansion and its forthcoming initial public offering.

Both company's have been straining to keep pace with industry leaders in recent months. AMD has had production problems making its latest K6 micro-processors, its answer to Intel's top-selling Pentium chips that run low-cost personal computers.

AMD said it would discuss progress on the K6 when it reports first-quarter earnings on April 7. Packard Bell has been heavily reliant on its Japanese partner for funds. **Christopher Parkes, Los Angeles**

### Notebooks use new Pentium chip

Compaq Computer, Dell and several other personal computer manufacturers yesterday introduced notebook computers based on a new high performance Intel microprocessor chip.

The new chip, a version of the Pentium II designed specifically for use in notebook computers, is one-sixth the size of the devices used in desktop PCs and consumes two-thirds of the power of its bigger brethren, providing longer battery life.

In terms of performance, the "mobile Pentium II" is about 30 per cent faster than equivalent Pentium chips, according to industry analysts. **Louise Kehoe, San Francisco**

# Banespa swans back to profit

Critics point to costs borne by taxpayers, says **Jonathan Wheatley**

When trying to sell a company, you naturally like to show it in the best possible light.

But when Banespa, the bank formerly controlled by the state of São Paulo and currently being prepared for privatisation, declared 1997 profits of R$2.04bn (US$1.8bn) – more than the profits of its three biggest private-sector rivals put together – it was met with cries of "foul".

"The bill will be paid by the Brazilian taxpayer," thundered Carlos Alberto Sardenberg, a radio commentator on economics.

Banespa has been deeply troubled since December 1994, and the transformation over the past three and a half years is remarkable. At the end of 1994, it was owed R$9bn by the state government. But the state, which for years had used it almost as a private mint, clearly had not the slightest intention of paying.

With about 95 per cent of its assets in non-performing loans, Banespa's collapse would have been inevitable had it not been politically unthinkable. State banks have traditionally been viewed by state governors as part of their fiefdom, providing sources of employment and patronage.

But something had to be done, and on December 31 1994, the last day of the outgoing state administration, the central bank installed an emergency management team. The incoming governor, Mario Covas, argued that Banespa had to be retained for its role as a development agency. Where began three years of wrangling over Banespa's future.

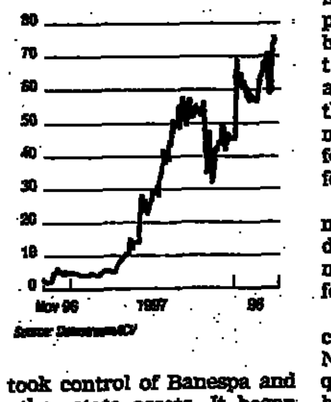
Talks eventually produced a deal last December to restructure São Paulo's debts of more than R$51bn, including debts to Banespa which with accumulated unpaid interest had grown to R$29bn. Under the agreement, the federal government swapped virtually untradable state bonds for cast-iron federal ones and took control of Banespa and other state assets. It began preparing the bank for sale.

**Banespa**
Net profit (loss)

| | R$ 000 |
|---|---|
| 1997 | 2,037,258 |
| 1996 | 1,273,584 |
| 1995 | (44,228) |
| 1994 | (418,983) |

Source: Company

**Banespa**
Preference share price (R$)




Source: Datastream/ICV

The effect on Banespa's shares was dramatic. Since November 1996, when investors began to sense a rescue, its preferred shares have gained about 2,700 per cent.

Banespa published no financial statements between the central bank's intervention and the signing of the deal. Results for the period up to last September, published in December, showed two years of losses followed by enormous profits. Years of unpaid interest – and a 0.5 per cent commission for managing São Paulo's debts, equivalent to as much as R$145m a month – had been realised in full.

Critics say the cost to the taxpayer of plugging the hole in Banespa's accounts will be as much as R$15bn. That is the difference between interest – at inflation plus 6 per cent a year – to be paid by the state to the federal government over 30 years, and the much higher cost of financing its debt on the open market.

Paolo Zaghen, a director at the central bank, says the true cost will be lower as market interest rates fall. And he argues that restructuring Banespa, along with the rest of the state banking sector, is important to reduce the burden of inefficiency on the public purse, and strengthen the financial system.

Two state banks, in Rio de Janeiro and Minas Gerais, have already been sold. Five more are in various stages of preparation; others have been or will be closed, or turned into development agencies. Banespa is by far the biggest, and offers the most attractive prospect for foreign banks looking for a foothold in Brazil.

By the same token, local market leaders such as Bradesco, Itaú and Unibanco may bid simply to keep big foreigners out.

Mr Zaghen says Banespa could be sold by October or November. One unanswered question is whether it will be sold at its current net worth of about R$3.9bn, or whether non-banking assets will be sold separately. This would reduce its worth by about half, bringing it within reach of local banks.

Whoever buys it, Banespa will certainly not be as profitable as it claimed to be for the past two years. Last year's return on equity was an enormous 52.4 per cent. João Alberto Magro, on secondment from the central bank as Banespa's president, says this year it expects a return of 10 to 15 per cent.

There is plenty of scope for Banespa to increase its earnings from traditional sources. Its asset-to-credit ratio is 33 per cent, three times the minimum recommended by the Bank of International Settlements. But Mr Magro says making Banespa more aggressive will be left to its buyer.

"What will be sold is a bank in solid shape," he says. "The new owners must decide what to make of its potential."

**TELECOMMUNICATIONS** £100M DEAL WITH DEUTSCHE TELEKOM AND FRANCE TELECOM TO TARGET BT IN UK

# European joint venture for Energis

By Alan Cane

Shares in Energis jumped 13 per cent yesterday as the telecommunications group in which the National Grid holds a majority stake, announced a £100m ($167m) joint venture with Deutsche Telekom and France Telecom, Europe's two largest operators, which will give them unprecedented access to UK business customers.

The three operators are to set up a "property company", Metroholdings, which will build local telecoms networks in the UK's main conurbations beginning with London, Birmingham and Manchester.

Energis already owns a national fibre optic communications network carried over the National Grid and, in London, through the tunnels of the Underground system.

Local networks with direct connections to customers are vital for operators attempting to win market share in overseas territories because they are expensive to construct and existing networks are usually in the control of the incumbent operator – in the UK, British Telecommunications.

The chief target for the partnership will be BT's 70 per cent share of the £14bn UK business telecoms market, although the three companies will operate independently in their quest for business.

Deutsche Telekom and France Telecom will work closely together to penetrate the UK market. The two intend to use the network to give Global One, their international alliance with Sprint of the US, better access to multinational business customers in the UK. Francois Comet, vice president, alternate networks, of France Telecom said: "We will offer business customers high-quality services at competitive prices."

Energis has some 1.5 per cent of the UK business telecoms market but its network is using only about 25 per cent of its capacity.

BT was unperturbed by the development, pointing out that Metroholdings would only be doing what it was already doing in France and Germany with its alliances Cegetel and Viag Interkom.

Mike Grabiner, Energis chief executive, said Metroholdings planned to build metropolitan networks in eight or nine UK business centres. Energis would have responsibility for the design and construction of the network and take a management fee. It would also charge its partners for carrying their traffic over its national long-distance network. No details were given, but Mr Grabiner said the payments would be "material to Energis."

The company will have a 50 per cent stake in Metroholdings with Deutsche Telekom and France Telecom each holding 25 per cent. The shares rose 74p to 633p.

# Abbey National may quit Spain

By Christopher Brown-Humes

Abbey National is considering selling its Spanish operations after a run of heavy losses. It said Spain was "very overbanked" and it had suffered losses of £36m ($60m) there since 1995.

It entered the Spanish market in 1988 in a joint venture before gaining full control of the business five years later. It has 23 branches in Madrid and one in Barcelona. The main activity is mortgage finance but they also offer unsecured personal loans.

Graeme Johnston, Abbey's European director, said: "We are currently reviewing offers from a number of banks."

The announcement came as a surprise because Abbey has talked of expanding in Europe to take advantage of the single European currency. Abbey insisted it had no plans to withdraw from France and Italy, its other European markets. It said it was looking to improve the trading position of both operations, which are also lossmaking.

Abbey shares closed 25p higher at £12.23.

# BAe reshuffles for wider role

By Michael Skapinker

British Aerospace yesterday reshuffled its board, with the new appointments reflecting the role the group hopes to play in restructuring the European aerospace and defence industry.

Sir Richard Evans, chief executive since 1990, will become executive chairman on May 1, replacing Bob Bauman, whose term as non-executive chairman comes to an end this month. Sir Richard, who joined the company in 1969, will continue to negotiate the future of the industry with other European chief executives.

BAe and its fellow shareholders in Airbus Industrie – Aerospatiale of France, Daimler-Benz Aerospace of Germany and Casa of Spain – last week told their governments that they planned to merge to form a Europe-wide aerospace and defence company. They have not yet agreed how to do this, however, and Sir Richard has described last week's statement as the beginning, rather than the end, of the European restructuring process.

The four partners have agreed to turn Airbus, the world's biggest civil aircraft maker after Boeing of the US, into a limited company. It is at present a non-profit making confederation owned by the four companies.

Sir Richard will be succeeded as chief executive by John Weston, the head of BAe's defence interests. His elevation, which did not surprise observers of the group, reflects the increasingly important role that defence will play at BAe after the large civil aircraft business is transferred to the new Airbus company, which is due to be established next year.

Richard Lapthorne, the finance director, will become vice chairman and assume responsibility for BAe's planning and strategy. The move reflects his desire to reduce his work commitments but keep a key role in future development of the company. Mr Lapthorne has played an important part in helping to restore BAe to financial health. A French speaker, he has already been deeply involved in helping to plot the future of the European industry.

He will be succeeded as finance director by George Rose, who joined BAe six years ago and has been responsible for its finance and treasury function.

Mike Turner, head of BAe's civil aircraft division, remains a director but will report directly to the chairman. BAe said this reflected the role he would play in helping to ensure the successful transformation of Airbus into a limited company.

## RESULTS

| | | Turnover (£m) | | Pre-tax profit (£m) | | EPS (p) | | Dividends: Current payment (p) | Date of payment | Corresponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ask Central Φ | Yr to Dec 28 | 12.8 | (8.37) | 2.01 | (0.703) | 8.6† | (4.2) | 0.67 | July 3 | 0.5 | 1 | 0.5 |
| Brands Hatch | Yr to Dec 31 | 16 | (14.3) | 3.55 | (2.11) | 11.1† | (10✠) | 3.7 | July 31 | 0.5 | 3.7 | 0.5 |
| BWI | 6 mths to Jan 31 | 41.4 | (42.8) | 3.03 | (3.31) | 4.6 | (4.9) | 2✱ | June 2 | 3✱ | - | 5✱ |
| Cavendish Wates Φ | Yr to Dec 31 | 0.418 | (0.295) | 0.128♥ | (0.106) | 2.4 | (1.8) | 0.9 | May 12 | 0.8 | 1.8 | 1.6 |
| Estates & Agency | 6 mths to Dec 31 | 2.77□ | (2.92□) | 1.1♥ | (0.836♥) | 15.36 | (8.14) | 9 | Apr 30 | 7 | - | 16.5 |
| Hay (Norman) | Yr to Dec 31 | 9.23 | (8.76) | 1.14♥ | (0.216♥) | 7.6 | (1.4) | 1 | July 14 | nil | 1 | nil |
| Hewden Stuart | Yr to Jan 31 | 298.3 | (278.6) | 38.6 | (29.4) | 10.01 | (7.53) | 2.6 | July 9 | 2.4 | 3.6 | 3.2 |
| Johnston Group | Yr to Dec 31 | 150.8 | (151.1) | 4.45♥ | (5.65) | 22.03 | (30.94) | 7.5 | July 3 | 7.5 | 12 | 12 |
| Laird | Yr to Dec 31 | 1,058 | (992.6) | 67.1 | (66.6) | 36.2 | (33.4) | - | - | 8.1 | 14.3✱ | 13 |
| Metaltech Intl | Yr to Oct 31 ☆ | 54.4 | (75) | 1.02♥ | (0.242L♥) | 0.4 | (0.5L) | nil | - | nil | nil | nil |
| Peptide | Yr to Dec 31 | 2.8 | (0.153) | 6.45L | (4.58L) | 18.1L | (13.5L) | - | - | - | - | - |
| Ramco Energy Φ | Yr to Dec 31 | 6.16 | (8.2) | 0.484 | (0.873) | 1.49† | (2.78) | nil | - | 1 | nil | 1 |
| Rapid Technology Φ | 6 mths to Dec 31 | 0.15 | (-) | 0.67L | (-) | 3.64L | (-) | - | - | - | - | - |
| Senior Eng | Yr to Dec 31 | 479.3 | (574.8) | 43.1 | (2.7♠) | 10.48 | (1.29L) | 2.64 | June 3 | 2.38 | 4.24 | 3.82 |
| Soco Intl | Yr to Dec 31 | 8.47 | (-) | 3.16 | (-) | 5.5 | (-) | - | - | - | - | - |
| Tracker Network Φ | Yr to Dec 31 | 13.6 | (10.4) | 1.64 | (0.21) | 28.6 | (4) | 5 | July 7 | - | 5 | - |
| Trafford Park Ests | 6 mths to Dec 31 | 7.78 | (5.94) | 3.17 | (2.98) | 3.18 | (2.908) | 1.25 | May 15 | 1.1 | - | 3.9 |
| Yorklyde | Yr to Jan 31 | 22.3 | (22.2) | 0.96 | (1.81) | 6.3 | (10.7) | 2.35 | July 1 | 5.35 | 5 | 8 |

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ΦAim stock. ✠Pro forma. ✱Foreign income dividend. □Gross income. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ☆Comparatives for nine months.

# ICI sells Crosfield arm for $455m

By Andrew Edgecliffe-Johnson

The recent burst of corporate activity at Imperial Chemical Industries continued yesterday with the $455m sale of Crosfield Group to WR Grace, the Florida-based speciality chemicals group.

Crosfield, which makes catalysts, is one of the four speciality chemicals businesses which ICI acquired from Unilever for £4.9bn last year.

ICI, which is moving rapidly away from commodity products to concentrate on speciality chemicals, said the sale would enhance its earnings immediately.

The disposal came in the same week as Charles Miller-Smith, ICI's chief executive, sealed the $695m acquisition of Acheson, a Michigan-based electronic materials producer, and spent £350m on most of the European home improvements businesses of Williams, the former conglomerate.

The sale price represents 1.7 times Crosfield's $270m sales last year, and 22 times its operating profits of $21m. ICI paid Unilever 1.8 times sales for the four businesses last year, but just 13.7 times operating profits.

Analysts were generally impressed by the price realised for the business, but ICI's shares were unchanged at £11.25.

Robyn Coombs, an analyst with Merrill Lynch, said: "This shows they can not only buy things for a punchy price, they can sell for good prices too."

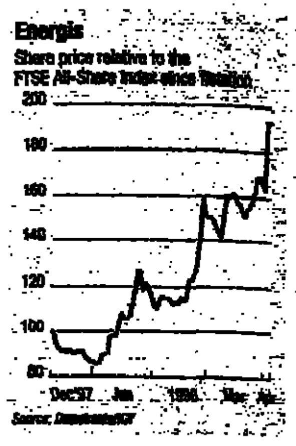
All three of this week's deals would benefit the group's earnings, she added.

Analysts are expecting more disposals of ICI's remaining commodity industrial chemicals businesses, which together account for about £2.5bn of turnover.

The transaction came just a day after WR Grace was spun off from the packaging division of its parent company, Grace.

## COMMENT

# Energis




Energis shares have been heading into the stratosphere ever since their flotation last December – outperforming a sharply rising market by nearly 100 per cent. Yesterday's clever deal with Germany's Deutsche Telekom and France Telecom shows there is at least some substance behind the puff. The telecommunications group always had a cost advantage in providing a long-distance backbone network because it strings its cable over the National Grid's pylons. Now it has also found a cheap way of making the final connection with its business customers.

The deal with the Germans and French means it can accelerate the local network roll-out while splitting the investment costs 50:50. Energis will also be paid a management fee by the two continental operators as well as usage fees for any traffic they shunt over its backbone network. Given that there is spare capacity on the backbone, much of the extra revenue will drop to the bottom line. Still, investors should not get too excited. Certainly, those hoping this deal will pave the way for a high-premium takeover of Energis by the French and Germans may be disappointed. Not only will the companies continue to compete for customers but the National Grid, which controls Energis, shows no sign of wanting to sell.

### Baring Tribune

The worm has half-turned. Baring Tribune has seen off the indignity of being wound up or unitised, but it is unlikely to survive in its present form. This looks like the optimal outcome for investors. It was time to debunk the idea that unitising is the best way of unlocking value in those investment trusts whose shares stubbornly trade at a discount to net asset value. Unit trusts, after all, tend to have higher management fees and do not necessarily provide better returns. But the threat has been a useful gun to the head of investment trusts. In the case of Baring Tribune, the threat seems to have worked wonders. Baring Tribune will now have to consider a takeover approach by Fleming Claverhouse Investment Trust, or a proposal to be turned into a tracker fund, or come up with an alternative proposal. The management deserves to be listened to. After all, the trust's returns have matched its benchmark over the past five years.

## NEWS DIGEST

**INVESTMENT TRUSTS**

### Plan to convert Baring Tribune fails

Private shareholders yesterday inflicted an important defeat on the "vulture funds" and institutional investors in the fight for the £60bn ($100bn) investment trust sector.

Their help was crucial in voting down proposals to convert partially Baring Tribune Investment Trust to a unit trust. The plan was prompted by the wide discount between the trust's share price and the value of its underlying assets.

Private shareholders may have won the battle, but the institutions are likely to win the war by forcing several trusts, including Baring Tribune, to offer them cash exits. Despite the vote, Baring Tribune's board said yesterday it would put forward reconstruction proposals by the end of this month.

A packed shareholders' meeting voted 57 per cent to 43 per cent against the unitisation plans put forward by Advance UK Trust, the so-called "vulture fund", and two other institutional shareholders.

Baring Tribune is already subject to two rival offers. Fleming Claverhouse Investment Trust yesterday said it had put proposals to the board which could lead to an agreed bid. Analysts said the Baring Tribune saga showed how vulnerable trusts were. **Jean Eaglesham**

**MORE BID**

### GE Capital could help Decaux

GE Capital, the financial services arm of General Electric of the US, could play a key role in the prospects of Decaux, the outdoor advertising company bidding for More Group of the UK.

Shares in More rose 20p to £11.85 yesterday as analysts predicted that Clear Channel of the US, which originally offered £446m for More, would return with a new offer above Decaux's £11.10 a share bid.

Jean-François Decaux, chairman and chief executive of the family-controlled French group, said it was "no secret" that GE Capital would be interested in buying the 20 per cent stake that Compagnie Générale des Eaux currently holds in Decaux. Mr Decaux confirmed that "Compagnie Générale des Eaux wants to exit". **Andrew Edgecliffe-Johnson**

**ELECTRONICS**

### Court date for Astec holders

The preliminary High Court hearing of claims by institutional shareholders in Astec (BSR) against the electronics group's majority US shareholder, Emerson Electric, has been put back to next Monday.

A group of 20 shareholders, including Electra Fleming and Norwich Union, have filed a petition accusing the American group of behaviour prejudicial to other shareholders. Emerson, in turn, has said the action is "entirely without merit" and is seeking to have the court proceedings struck out.

The hearing had been scheduled for yesterday, but the two parties will instead hear on Monday whether the High Court allows the petition to proceed. A full day has been set aside for the hearing.

Brian Christopher, the independent chairman, and three other independent directors who were voted off the board by Emerson have supplied detailed sworn statements about Emerson's role in running Astec over the past year. "It seems that Emerson has had a heavy influence," Mr Ross said.

He added that, regardless of the outcome of the court case, investors remained concerned about corporate governance at the company, which now has a board dominated by non-executive directors. **Andrew Edgecliffe-Johnson**

**LEISURE**

### Virgin Cinemas eyes US and Japan

Richard Branson's Virgin group plans to invest up to $60m over the next three years on extending its UK cinema chain into the US and Japan. Simon Burke, chief executive of Virgin Entertainment, said the company had assessed the potential for introducing Virgin Cinemas to other countries, and had chosen the US and Japan as the most promising locations.

Virgin is searching for suitable sites in those countries and intends to begin its expansion by constructing six multiplexes in each, before developing larger chains. **Alice Rawsthorn**

هكذا من الأصل



**MANAGEMENT** THE KOREAN CHAEBOL

# The courage to dream

Despite their recent troubles the future potential of the chaebol should not be under-estimated, write **Sumantra Ghoshal** and **Donald Sull**

Throughout the recent turmoil in Asia one group of companies has attracted nearly universal criticism – the Korean *chaebol*, or large, family-run conglomerates.

Western critics accuse the *chaebol* of sacrificing earnings and strategic focus in their reckless pursuit of sales growth. The *chaebol's* recent troubles are cited as conclusive proof that the Asian model has failed, and vindication of the Anglo-American model stressing strategic focus and strict adherence to shareholders' interests.'

While reassuring for western managers, this interpretation ignores the historical dynamism of the *chaebol* and seriously under-estimates their future potential.

The *chaebol's* troubles in the past year should not obscure their remarkable performance in the past decade. The chart, produced by a large European electronics company, plots the performance of several of the world's most-admired companies from the mid-1980s through the mid-1990s. The vertical axis measures internal funds from operations – a more insightful measure of financial performance than accounting profits.

The chart demonstrates that Samsung outperformed every company but General Electric in terms of cash flows generated from operations.

More astounding, however, is Samsung's record of revenue growth, here plotted on the horizontal axis. While Samsung generated cash flows comparable to GE, the company increased revenues by 25 per cent on average per year against GE's modest 4 per cent average sales growth. This gap in growth rates adds up quickly. Philips, for example, had revenues of $21bn (£13bn) in 1983 compared with Samsung's figure of $6bn. By 1996 Samsung's revenues of $70bn were twice Philips'.

Undoubtedly some of the *chaebol's* astounding performance can be attributed to government support, cheap capital and protected domestic markets. While few companies in the US or Europe enjoyed the same level of government support, western companies did possess overwhelming advantages in technology, economies of scale and scope, dominant brands and worldwide sales and marketing networks. Despite their advantages, western companies presided over a steady decline in their global market share in important industries.

Ambitious corporate goals, rather than government support, fuel the *chaebol's* growth. In their sheer audacity these ambitions transcend the incremental sales goals found in most companies and achieve the status of corporate dreams. These dreams force managers fundamentally to rethink their strategy and to take significant risks, since these ambitious goals are unattainable through incremental improvements in the status quo.

In the early 1980s Samsung's founder Byung-Chul Lee dreamt of achieving global leadership in consumer electronics. To achieve his dream it would be necessary to build and leverage competency in semiconductors – the technical core of electronic products – and Mr Lee decided to produce chips. Samsung entered the memory chip market at a time when American producers, including technical pioneer Intel, were abandoning the industry *en masse*. Business pundits decried Mr Lee's "megalomania". In 1996, however, Samsung's semiconductor business contributed $300m *per month* in positive cash flows.

Samsung plans to invest $5bn to enter the automotive industry, and aspires to be one of the world's top 10 automakers by 2010. Chairman Mr Lee explains that entering the automotive industry is necessary to maintain leadership in electronics, since electronic parts contribute 30 per cent of a car's value and that proportion is expected to increase to 50 per cent by 2010. Again western pundits are crying competitive suicide.

Ambitious dreams drive other *chaebol* as well. At the London Business School we teach a case on the LG Group's "Leap 2005"

**Many western managers now preside over companies with low costs but no growth**

initiative to increase its revenues from Won40,000bn (£18bn) in 1995 to Won400,000bn by 2005. Scepticism yields to grudging respect and then excitement, however, as students discuss LG's aggressive entry into China and India, its investment to develop cutting-edge technology and to build a global brand, and its commitment to attracting, selecting and retaining the best people from around the world. By the end of the class many students still doubt that LG will achieve its precise revenue goals, but they begin to grasp how a company driven by the courage to dream and a passion for growth can achieve the seemingly impossible.

There is no question that the *chaebol* must impose more discipline: they must adjust their capital structure, prune some businesses from their portfolio, and perhaps even let go of some employees. The challenge they face is to rein-in organisations whose entrepreneurial passion has driven double-digit growth for decades. Most western companies, by contrast, now face the more daunting challenge of reigniting entrepreneurship in conservative bureaucracies. After years of re-engineering, redundancies, and refocusing, many western managers now preside over companies with low costs but no growth. Cutting costs was painful, but managers find it an order of magnitude more difficult to stimulate growth.

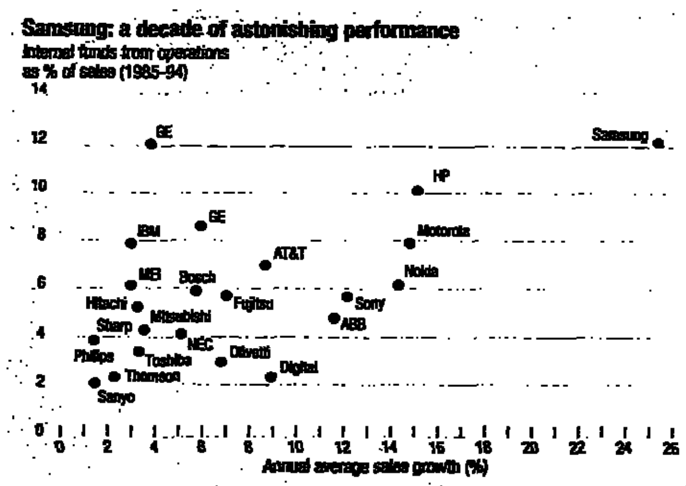
An LG manager once recounted how, as a young recruit to the company, he would pick up the visiting purchasing agent from Zenith, then a leading consumer electronics company and one of LG's largest customers. As was the custom, the LG manager would carry the bags of the visiting purchasing agent to his hotel room. Twenty years later, after successive chief executives repeatedly downsized and re-engineered the company, Zenith was acquired by LG. When the LG manager – now the head of LG Electronics in the US – first visited Zenith's headquarters he met the same purchasing manager whose bags he had carried 20 years earlier. This time it was the Zenith manager who rose to greet him.

The LG manager used the tale to illustrate how a management approach focused solely on efficiency can destroy a company as strong as Zenith once was.

The *chaebol* can learn much from the Anglo-American management model, but would err by adopting it wholesale. European and American managers risk a graver error by ignoring the way in which the *chaebol* have harnessed the power of dreams to drive growth.

*Sumantra Ghoshal is the Robert P. Bauman professor of strategic leadership at London Business School. Donald Sull is assistant professor of strategic and international management and Andersen Consulting fellow at LBS.*

**Samsung: a decade of astonishing performance**




The chart, produced by a large European electronics company, plots the performance of several of the world's most admired companies from the mid 1980s-mid 1990s. The vertical axis measures internal funds from operations - a more insightful measure of financial performance than accounting profits. Samsung outperformed every company but General Electric in terms of cash flows generated from operations.


**HEALTH** STRESS AND ILLNESS

# Keeping the body in mind

The effect of mental pressure on the immune system is becoming better understood, says **Vanessa Houlder**

Can stress really make you ill? Many people – particularly champions of alternative medicine – believe psychological pressures play a role in everything from colds to cancer. But doctors are often sceptical about these claims.

There is, however, a growing consensus that the mind can affect the immune system. During the past decade, a new field of biology known as psychoneuroimmunology has been established to study this interaction.

So far, the research has raised nearly as many questions as it has answered. How does stress damage the immune system? Does it impair the immune system enough to trigger or aggravate medical conditions? What sort and duration of stress does the damage? How does it depend on health, age and personality?

Some striking evidence has come from US researchers who studied people suffering from the chronic stress of caring for a spouse with progressive dementia. The scientists found that their wounds took longer to heal and their immune response to a 'flu vaccination was well below normal.

Professor Ronald Glaser, of Ohio State University Medical Center, who conducted the research, believes emotional distress may possibly affect some people's vulnerability to cancer. Yet he suspects the impact of stress is most important for individuals whose immune function is already impaired such as older individuals and Aids patients.

A 1991 study showed a link between stress and the risk of developing a cold. The research, by Sheldon Cohen, a psychologist at Carnegie Mellon University, was followed up in a study he published last year. This found that the increased susceptibility to colds was limited to people who experienced episodes of stress lasting more than a month.

Why might long-term stress be more damaging to the immune system than acute stress? Long-term stress appears to suppress the immune system, while short-term stress seems to turn it up, according to researchers at the psychophysiology and stress research group at the University of Westminster in London.

They found that acute short-term stress from tasks such as public speaking, mental arithmetic or even negative emotions, actually increases the number of immune cells that kill damaged or infected cells. Long-term chronic stress seemed to have the opposite effect.

However, repeated bouts of short-term stress also seem to be damaging. A Finnish study published last December measured the blood pressure of men as they underwent a memory and mental skills test. Those whose blood pressure rose the most were found to have blockages in their arteries, suggesting they were at higher risk of heart disease and stroke. One possible explanation is that frequent and prolonged raising of blood pressure damages the lining of the blood vessels.

The link between mental stress and heart disease provides some support for the long-standing idea that high-powered jobs can damage individuals' health. But the idea that top managers are particularly at risk has given way to a belief that people lower down the hierarchy suffer the most risk of ill health.

Support for this theory is provided in a study of civil servants by the International Centre for Health and Society at University College London. Researchers found workers were under the most stress in jobs where they had the least control over conditions and tasks.

Social status may also influence susceptibility to disease, suggests Eric Brunner, an epidemiologist at University College London. He believes stress is one of the factors that explains the health gap between rich and poor.

This whole topic is made more complicated by the different ways personality types react to stress. For many years, it was thought that individuals classed as "type A" – impatient, competitive and aggressive – were at high risk of heart disease.

But this idea has given way to an emphasis on the risks of "hostile" behaviour. People who indulge in verbal insults or punching have a heightened risk of coronary heart disease, according to a recent report in the British Medical Journal.

Another recent study has highlighted the risks suffered by people who are negative, insecure and distressed. People with this "type D" personality are four times more likely to suffer a second heart attack than others, according to a recent report in the journal of the American Heart Association.

For many, the practical value of this research is unclear. It is hard to change your personality. It is hard to change your position in society or within an organisation. The type of problems that create profound, protracted periods of stress – such as bereavement, divorce or caring for a relative with Alzheimer's disease – are hard to mitigate.

Nonetheless, reducing some of the ill effects of stress may be within an individual's control. For example, vigorous exercise appears to stimulate the production of opioids by the body that seem to block the release of stress hormones.

Another option is embracing the plethora of stress reduction techniques on offer. For those who believe in them, there is little doubt of their value in alleviating stress. If the mind can harm the body, it can also help protect it.

# European sector plays catch-up

**GOVERNMENT BONDS**

By Vincent Boland in London and John Labate in New York

European markets ended higher yesterday, playing catch-up with an overnight rally in US Treasuries and boosted by heavy falls in Japanese share prices after another gloomy report on the economy and the collapse of a finance company.

The rise was spread across all markets, but UK GILTS stole the limelight with a surge in late trading that dealers said was primarily technical.

Gilts had been given an early boost from a Confederation of British Industry survey showing that the pace of retail spending, about which traders have recently been concerned, was slowing.

The June future settled ¾ higher at 108$\frac{15}{32}$ with more than 100,000 contracts traded on Liffe, after earlier hitting a new contract high of 108$\frac{19}{32}$. In the cash market 10-year gilts substantially outperformed bunds as the yield spread fell to 102 points from 107 points.

Analysts said the tone of trading was quietly bullish, with gilts a beneficiary of a big sell-off in Japanese equity markets. However, a shortage of market-moving data in the next few days could limit the immediate upside.

"There isn't a great deal on the calendar in the UK between now and Easter, so the market can't run away very far," said Kit Juckes at NatWest Markets.

GERMAN BUNDS were higher but more sluggish ahead of the release of today's US jobs data. But the underlying tone was positive after the Bundesbank left interest rates alone and the constitutional court dismissed the last serious challenge anywhere in Europe to the arrival of the single currency.

Futures traded in a 30-point range to close near the top, with the June future settling in London at 107.43, up 0.30, after a high of 107.55. Trading activity fell, however, with 330,000 contracts exchanged on the DTB, well down on Wednesday's levels.

Other European markets also firmed. FRENCH BONDS continued their recent good performance with another jump, easily absorbing an auction of FFr21.8bn of OATs across the yield curve. The notional June future settled 0.28 higher in Paris at 103.84, although Matif volumes remain relatively light.

SPANISH BONOS finally threw off the pessimistic tone of sessions earlier in the week, caused by disappointment over the pace of interest rate cuts, to notch a decent rise. Analysts said the slump of the past few days had brought some buyers out, although activity in the cash market was thin.

The June future settled 0.29 higher at 109.12, with 68,000 contracts traded.

US TREASURIES were mixed ahead of the March employment report. It is unlikely to contain any surprises, but the most closely-watched component should be wage rise trends, the main element that would worry the Federal Reserve.

By early afternoon the 30-year bond had gained $\frac{1}{16}$ to 103$\frac{1}{32}$ to yield 5.878 per cent. The two-year note was unchanged at 99$\frac{15}{16}$, yielding 5.538 per cent, while the 10-year note rose $\frac{1}{16}$ to 99¾, yielding 5.582 per cent.

A morning report on initial jobless claims showed a higher than expected fall of 5,000 to 309,000 for the week ending March 28.

"The job market still remains strong," said Stan Shipley, senior economist at Merrill Lynch. However, the March report to be released tomorrow may show signs of slowing labour growth. Mr Shipley is expecting payroll job creation to drop sharply for last month, to 195,000.

In a separate release, manufacturing orders were shown to have fallen 0.9 per cent in February.

EUROBOND TOTAL ISSUANCE RISES 45% TO RECORD LEVELS

# Volume tops $300bn in first quarter

By Samer Iskandar

International bond issuance surged to a new record in the first quarter of this year, topping the $300bn mark for the first time.

Gross issuance was up 45 per cent at $303.17bn, from $208.99bn in the first quarter last year, according to Capital Data Bondware, the financial information provider.

The dollar had the lion's share once more, accounting for 45.6 per cent of issuance, up from 41.7 per cent.

Dollar issuance was boosted by the large number of multi-billion dollar – so-called "jumbo" – issues.

While the total amount raised in the sector rose by nearly 50 per cent, surprisingly, the number of launches declined to 345, from 417. As a result, the average amount of dollar-denominated deals was $400m, almost double last year's $208m.

Jumbo deals are becoming increasingly popular among regular borrowers. Treasurers claim large benchmark issues reduce funding costs because investors will accept to receive lower yields in exchange for liquidity – the ability to trade large amounts quickly and cheaply.

Large issues also reduce costs, such as commissions and fees, as well as simplifying legal and procedural formalities.

The D-Mark confirmed its second place, its market share rising from 14.5 per cent to 17 per cent. While sterling issuance rose more than 10 per cent to $29.5bn equivalent, its market share dropped from 12.8 per cent to 9.7 per cent.

**INTERNATIONAL BOND ISSUES BY CURRENCY**

| 1998* Rank | Currency | Total raised ($bn) | No. of issues | 1997* Rank | Total raised ($bn) | No. of issues |
|---|---|---|---|---|---|---|
| 1 | US$ | 138.30 | 345 | 1 | 87.07 | 417 |
| 2 | D-Mark | 51.48 | 140 | 2 | 30.27 | 125 |
| 3 | Sterling | 29.54 | 117 | 3 | 26.79 | 100 |
| 4 | Ecu | 21.44 | 32 | 8 | 4.80 | 17 |
| 5 | FFr | 13.27 | 59 | 5 | 11.99 | 36 |
| 6 | Lira | 13.12 | 84 | 6 | 8.64 | 53 |
| 7 | SFr | 8.55 | 39 | 7 | 6.84 | 79 |
| 8 | Guilder | 7.07 | 28 | 9 | 4.14 | 29 |
| 9 | Yen | 5.78 | 98 | 4 | 12.35 | 289 |
| 10 | Rand | 1.94 | 40 | 14 | 1.54 | 42 |

*First quarter. Source: Capital Data Bondware

The Ecu – the basket of European currencies due to be replaced next January by the single currency, the euro – more than trebled its market share of issuance, from 2.3 per cent to 7.1 per cent, overtaking the French franc, Italian lira, Swiss franc and yen.

Bankers said issuance of Ecu-denominated bonds benefited from investors' increasing confidence that European economic and monetary union would proceed on time and from the gradual erosion of the Ecu's yield premium over component currencies.

A symbolic occurrence that also helped was that since January, Ecu bonds could be marketed as "real" euro-denominated bonds because their first annual coupon would be paid in euros rather than Ecus.

Morgan Stanley Dean Witter, which overtook six competitors in the league tables, stole the lead from Merrill Lynch as the most active underwriter of bonds, almost doubling its market share to more than 9 per cent.

SBC Warburg Dillon Read also rose in the rankings, from fifth to third place, while Goldman Sachs fell from third to sixth.

Paribas, the French bank, benefited from the revival in the Ecu/euro market, rising four notches to eighth.

● The rate of growth in bond issuance slowed considerably last year, according to the International Securities Market Association.

The sale of eurobonds and international bonds grew by 8 per cent to $772bn, compared with a 59 per cent increase in 1996. However, secondary market turnover reported by Cedel and Euroclear, the clearing banks, increased by 17 per cent to $52,845bn, reflecting the level of volatility after the Asian crisis spread through Western markets.

In its latest annual report, ISMA attributed growth to the supportive inflationary environment, strong US dollar and the desire of companies to lock in borrowings at historically attractive interest rates.

US dollar issuance increased $54bn, or 16 per cent, to $391bn. There was also a substantial increase in sterling issues, as bond yields fell and the currency benefited from its safe haven status in the build-up to European monetary union. Sterling issuance increased by 31 per cent to $67bn.

# Securitisation by Aurora Funding

**INTERNATIONAL BONDS**

By Samer Iskandar

Primary activity in the dollar sector abated slightly yesterday to give investors time to digest the recent flood of new issues.

The largest transaction was AURORA FUNDING, a sterling-denominated securitisation of loans by the London branch of Japan's Sumitomo Bank to UK companies.

The six-tranche deal was structured to isolate the bonds' credit rating from that of Sumitomo. As a result, the most senior tranches were rated triple-A by both Moody's and Standard & Poor's. Most of the risk was shifted to the C and D tranches, which carry low investment grade and speculative ratings respectively.

THE PHILIPPINES was among a handful of borrowers rushing to get deals done ahead of an expected pick-up in supply next week.

Lead managers, J.P. Morgan and Morgan Stanley said the deal was oversubscribed, signalling the "reopening of the international market to Asian borrowers". The yield spread tightened marginally to 336 basis points.

Korea is expected to kick-off its $9bn funding programme next week, and is likely to crowd out other emerging market borrowers.

The CITY OF MOSCOW tapped the D-Mark sector with a DM500m three-year issue offering a yield spread of 490 basis points over German federal debt.

PSK, the Austrian postal savings bank, raised $500m. Commerzbank and Nomura, lead managers, said the deal was selling (slowly), mainly to continental European and Asian investors. Japanese demand was subdued, due to year-end turbulence.

● The City of Tallinn, Estonia's capital, issued DM30m of floating-rate notes, which were 1.5 times oversubscribed, according to lead manager Nomura, writes Matej Vipotnik in Tallinn. Buyers were mainly Scandinavian, Austrian, German and UK investors. Moody's recently assigned Tallinn a Baa1 rating.

**New international bond issues**

| Borrower | Amount m. | Coupon % | Price | Maturity | Fees % | Spread bp | Book-runner |
|---|---|---|---|---|---|---|---|
| **US DOLLARS** | | | | | | | |
| Oest Postsparkasse | 500 | 6.00 | 99.754R | Apr 2008 | 0.325R | +34(5½%-Feb08) | Commerzbank/Nomura |
| Republic of the Philippines | 500 | 8⅝(l)# | 99.475R | Apr 2008 | 0.85R | +337½(Feb08) | JP Morgan/MSDW |
| Santander Financial(a) | 150 | 7.2(a1) | 100.00 | undated | 2.00 | - | Goldman/Santander |
| **D-MARKS** | | | | | | | |
| City of Moscow | 500 | 9.125 | 99.83R | Apr 2001 | 0.50R | +490(Feb01) | CSFB |
| Santander Financial(a) | 300 | 6¼(a1) | 100.00 | undated | 2.00 | - | Goldman/Santander |
| **STERLING** | | | | | | | |
| Aurora Funding No 1(b)‡ | 1.395bn | - | - | Oct 2006 | - | - | Lehman Brothers |
| **YEN** | | | | | | | |
| Crédit Local de France(c)★ | 13.3bn | 5.15(l) | 99.98 | Apr 2001 | 1.60 | - | Nomura International |
| **ITALIAN LIRE** | | | | | | | |
| GECC | 300bn | 4.625 | 99.82R | Apr 2002 | 0.225R | - | Paribas |
| **SWISS FRANCS** | | | | | | | |
| Suedwest LB Capital Mkts | 150 | 2.25 | 100.15 | May 2003 | 2.00 | - | ABN Amro |
| **GUILDERS** | | | | | | | |
| ING Bank | 1bn | 5.00(s) | 98.141R | Jan 2009 | 0.38R | +27(l) | ING Barings |
| **EUROS(e)** | | | | | | | |
| Baden-Wuerttemberg L-Fin | 500 | 5.125 | 101.76R | Mar 2004 | 0.275R | +10(l) | CSFB/SG |
| **NEW ZEALAND DOLLARS** | | | | | | | |
| World Bank | 500 | 7.25# | 98.51R | Apr 2001 | 0.15R | - | TD Securities |

Final terms, non-callable unless stated. Yield spread (over govt bond) at launch supplied by lead manager. ★Unlisted. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Callable from May 08 at par. Preference shares. a1) Quarterly. b) 6-tranche deal secured on loans by Sumitomo Bank. b1) Class A1: £331m, average life 2.04 yrs, 3-mth Libor +17bp. b2) Class A2: £916m, av life 2.68 yrs, terms undisclosed. b3) Also issued: Class B, £38.5m; Class C, £35.5m; Class D, £60m; Class E, £14m. c) Redeemed in £. FX adjustment clause on 15/4/98. Monthly coupons. e) Payments in Ecu prior to Emu. Spread relates to French govt Ecu bonds. l) Long 1st coupon. s) Short 1st coupon.

## WORLD BOND PRICES

### BENCHMARK GOVERNMENT BONDS

| Apr 2 | Red Date | Coupon | Bid Price | Bid Yield | Day chg yield | Wk chg yield | Month chg yld | Year chg yld |
|---|---|---|---|---|---|---|---|---|
| Australia | 04/00 | 7.000 | 103.8989 | 4.95 | - | -0.08 | -0.34 | -1.86 |
| | 10/07 | 10.000 | 131.1741 | 5.67 | +0.01 | -0.10 | -0.45 | -2.46 |
| Austria | 09/99 | 7.000 | 103.9700 | 4.10 | +0.02 | +0.05 | +0.05 | +0.05 |
| | 07/07 | 5.625 | 104.8900 | 4.96 | -0.03 | +0.04 | -0.09 | -0.91 |
| Belgium | 01/00 | 4.000 | 99.7700 | 4.13 | - | +0.02 | +0.08 | +0.29 |
| | 03/07 | 6.250 | 109.0300 | 4.98 | -0.04 | +0.03 | -0.06 | -1.12 |
| Canada | 09/99 | 4.750 | 99.8100 | 4.89 | +0.01 | -0.04 | -0.24 | -0.06 |
| | 06/07 | 7.250 | 113.9000 | 5.29 | -0.01 | -0.03 | -0.31 | -1.47 |
| Denmark | 12/98 | 6.000 | 102.6100 | 4.33 | -0.02 | +0.08 | +0.15 | +0.04 |
| | 11/07 | 7.000 | 113.9200 | 5.13 | -0.01 | +0.02 | -0.12 | -1.81 |
| Finland | 01/99 | 11.000 | 105.3624 | 3.76 | +0.01 | +0.07 | +0.07 | -0.18 |
| | 04/08 | 7.250 | 115.5070 | 4.87 | -0.01 | +0.03 | -0.08 | -1.59 |
| France | 01/00 | 4.000 | 99.8355 | 4.09 | -0.01 | +0.09 | +0.11 | +0.31 |
| | 10/04 | 6.750 | 111.4100 | 4.68 | -0.04 | +0.04 | -0.02 | -0.74 |
| | 10/07 | 5.500 | 104.3000 | 4.92 | -0.04 | +0.04 | -0.06 | -0.98 |
| | 10/25 | 6.000 | 107.7400 | 5.45 | -0.05 | +0.02 | -0.09 | -1.33 |
| Germany | 09/99 | 4.000 | 100.0300 | 3.98 | -0.04 | +0.06 | +0.10 | +0.26 |
| | 11/04 | 7.500 | 115.3800 | 4.72 | -0.04 | +0.05 | -0.03 | -0.79 |
| | 07/07 | 6.000 | 108.0600 | 4.89 | -0.03 | +0.03 | -0.07 | -1.00 |
| | 07/27 | 6.500 | 115.1500 | 5.45 | -0.05 | +0.03 | -0.09 | -1.30 |
| Ireland | 04/99 | 6.250 | 101.3800 | 4.79 | -0.03 | +0.34 | +0.05 | -1.30 |
| | 08/08 | 8.000 | 118.7000 | 5.05 | -0.04 | +0.06 | -0.17 | -1.89 |
| Italy | 05/00 | 8.000 | 102.9200* | 4.52 | -0.04 | +0.07 | -0.10 | -2.78 |
| | 05/02 | 6.250 | 105.6500 | 4.72 | -0.04 | +0.05 | -0.10 | -2.82 |
| | 07/07 | 6.750 | 112.2000 | 5.08 | -0.05 | +0.03 | -0.16 | -2.81 |
| | 11/26 | 7.250 | 123.6000 | 5.59 | -0.05 | +0.03 | -0.18 | -3.13 |
| Japan | 03/00 | 6.400 | 111.1700 | 0.62 | +0.01 | +0.01 | +0.01 | -0.05 |
| | 12/02 | 4.800 | 116.3400 | 1.21 | +0.02 | +0.02 | -0.04 | -0.39 |
| | 09/05 | 3.000 | 109.3600 | 1.66 | +0.03 | +0.04 | -0.04 | -0.52 |
| | 09/17 | 3.000 | 107.8100 | 2.49 | +0.01 | +0.04 | -0.05 | -0.46 |
| Netherlands | 11/99 | 7.500 | 105.2000 | 4.07 | -0.02 | +0.07 | +0.12 | +0.17 |
| | 02/07 | 5.750 | 108.1300 | 4.88 | -0.03 | +0.04 | -0.05 | -0.99 |
| New Zealand | 02/00 | 6.500 | 97.7913 | 7.81 | -0.05 | -0.06 | +0.25 | -0.17 |
| | 11/06 | 8.000 | 106.7055 | 6.93 | -0.07 | -0.08 | -0.03 | -1.14 |
| Norway | 01/99 | 9.000 | 103.6900 | 4.27 | +0.02 | +0.03 | -0.04 | +0.09 |
| | 01/07 | 6.750 | 110.4000 | 5.24 | -0.02 | +0.05 | -0.04 | -1.02 |
| Portugal | 03/99 | 8.500 | 104.0174 | 4.14 | - | +0.09 | -0.04 | -2.12 |
| | 02/07 | 6.625 | 111.3451 | 5.01 | -0.02 | +0.03 | -0.15 | -2.05 |
| Spain | 07/99 | 7.400 | 103.9979 | 4.18 | - | +0.10 | -0.03 | -1.?2 |
| | 03/07 | 7.350 | 116.5151 | 5.02 | -0.04 | +0.03 | -0.11 | -2.23 |
| Sweden | 01/99 | 11.000 | 104.7180 | 4.70 | +0.01 | - | +0.01 | -0.32 |
| | 08/07 | 8.000 | 119.9610 | 5.24 | -0.05 | +0.01 | -0.19 | -2.21 |
| Switzerland | 03/00 | 5.000 | 105.9500 | 1.83 | - | +0.18 | +0.38 | -0.03 |
| | 06/07 | 4.500 | 112.6800 | 2.91 | -0.01 | +0.12 | +0.11 | -0.86 |
| UK | 08/98 | 6.000 | 99.1583 | 6.65 | -0.02 | -0.07 | -0.15 | -0.36 |
| | 11/04 | 6.750 | 104.2881 | 5.96 | -0.06 | -0.09 | -0.26 | -1.61 |
| | 12/07 | 7.250 | 110.4141 | 5.93 | -0.09 | -0.08 | -0.27 | -1.84 |
| | 06/21 | 8.000 | 128.8359 | 5.73 | -0.08 | -0.10 | -0.30 | -2.05 |
| US | 10/99 | 5.625 | 100.0700 | 5.57 | -0.01 | -0.07 | -0.07 | -0.82 |
| | 11/04 | 7.875 | 112.1020 | 5.66 | -0.03 | -0.08 | -0.16 | -1.05 |
| | 08/07 | 6.125 | 103.3200 | 5.68 | -0.02 | -0.08 | -0.18 | -1.20 |
| | 08/27 | 6.375 | 106.4920 | 5.91 | -0.02 | -0.06 | -0.17 | -1.17 |
| ECU | 01/00 | 4.000 | 99.7800 | 4.12 | -0.01 | +0.05 | -0.09 | -0.37 |
| | 04/07 | 5.500 | 103.7700 | 4.97 | -0.03 | +0.03 | -0.07 | -1.45 |

London closing. *New York mid day. Source: Interactive Data/FT Information
Yields: Local market standard. Annualised yield basis. Yields shown for Italy exclude withholding tax at 12.5 per cent payable by nonresidents

### 10 YEAR BENCHMARK SPREADS

| Apr 2 | Bid Yield | Spread vs Bunds | Spread vs T-Bonds |
|---|---|---|---|
| Australia | 5.67 | +0.78 | +0.08 |
| Austria | 4.98 | +0.09 | -0.61 |
| Belgium | 4.98 | +0.09 | -0.61 |
| Canada | 5.29 | +0.40 | -0.30 |
| Denmark | 5.12 | +0.23 | -0.47 |
| Finland | 4.87 | -0.02 | -0.72 |
| France | 4.92 | +0.03 | -0.67 |
| Germany | 4.89 | - | -0.70 |
| Ireland | 5.05 | +0.16 | -0.54 |
| Italy | 5.08 | +0.19 | -0.51 |
| Japan | 1.66 | -3.23 | -3.93 |
| Netherlands | 4.88 | -0.01 | -0.71 |
| New Zealand | 6.93 | +2.04 | +1.34 |
| Norway | 5.24 | +0.35 | -0.35 |
| Portugal | 5.01 | +0.12 | -0.58 |
| Spain | 5.02 | +0.13 | -0.57 |
| Sweden | 5.24 | +0.35 | -0.35 |
| Switzerland | 2.91 | -1.98 | -2.68 |
| UK | 5.82 | +0.93 | +0.23 |
| US | 5.59 | +0.70 | - |
| ECU | 4.97 | +0.08 | -0.62 |

Source: Interactive Data/FT Information. London closing. * New York closing. Annualised yield basis.

### EMERGING MARKET BONDS

| Apr 2 | Red date | Coupon | S & P Rating | Bid price | Bid yield | Day's chge yld | Mth's chge yld | Sprd vs US |
|---|---|---|---|---|---|---|---|---|
| Croatia | 02/02 | 7.000 | BBB- | 96.6374 | 8.02 | -0.25 | -0.31 | +2.45 |
| Poland | 07/04 | 7.125 | BBB- | 101.9187 | 6.74 | -0.06 | -0.16 | +1.16 |
| Russia | 06/07 | 10.000 | BB- | 95.8721 | 10.71 | -0.04 | -0.58 | +5.12 |
| Argentina | 09/27 | 9.750 | BB | 98.5000 | 9.90 | +0.01 | +0.01 | +4.02 |
| Brazil | 05/27 | 10.125 | BB- | 98.3710 | 10.30 | +0.03 | -0.24 | +4.42 |
| Mexico | 05/26 | 11.500 | BB | 120.7500 | 9.38 | +0.04 | +0.02 | +3.52 |
| China | 07/06 | 7.750 | BBB+ | 103.7177 | 7.13 | -0.02 | -0.07 | +1.54 |
| Philippines | 10/16 | 8.750 | BB+ | 94.6827 | 9.36 | +0.14 | -0.05 | +3.65 |
| Thailand | 04/07 | 7.750 | BBB- | 93.3467 | 8.65 | -0.03 | -0.14 | +3.26 |
| Lebanon | 07/00 | 9.125 | BB- | 102.6250 | 7.80 | -0.06 | -0.03 | +2.25 |
| South Africa | 10/06 | 8.375 | BB+ | 102.1755 | 8.00 | -0.02 | -0.77 | +2.41 |
| Turkey | 08/07 | 10.000 | B | 102.6707 | 9.54 | -0.06 | -0.64 | +3.85 |
| Argentina | 03/23 | 5.500 | BB | 76.7500 | 8.19 | -0.01 | -0.21 | +2.36 |
| Brazil | 04/14 | 4.500 | BB- | 83.6300 | 9.36 | +0.05 | -0.41 | +3.68 |
| Mexico | 12/19 | 6.250 | BB | 84.7500 | 7.71 | -0.01 | -0.16 | +1.95 |
| Venezuela | 03/20 | 6.750 | B+ | 86.2500 | 8.10 | +0.03 | -0.13 | +2.33 |

London closing. Prices in US$. Standard & Poor's ratings. Source: Interactive Data/FT Information

### BOND FUTURES AND OPTIONS

**France**

NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

| | Open | Sett price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 103.72 | 103.84 | +0.28 | 103.91 | 103.63 | 5,547 | 95,716 |
| Sep | 103.24 | 103.40 | +0.28 | 103.24 | 103.24 | 2 | 171 |

LONG TERM FRENCH BOND OPTIONS (MATIF)

| Strike Price | Calls May | Calls Jun | Calls Sep | Puts May | Puts Jun | Puts Sep |
|---|---|---|---|---|---|---|
| 102 | 1.69 | 1.82 | 1.87 | 0.08 | 0.23 | 0.73 |
| 103 | 0.88 | 1.09 | 1.30 | 0.28 | 0.49 | 1.14 |
| 104 | 0.33 | 0.55 | 0.86 | 0.72 | 0.94 | 1.69 |
| 105 | 0.08 | 0.22 | 0.53 | 1.48 | 1.62 | 2.35 |

Est. vol. total, Calls 8,054 Puts 12,017. Previous day's open int., Calls 47,123 Puts 55,045.

**Germany**

NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 107.32 | 107.43 | +0.30 | 107.55 | 107.22 | 93278 | 181610 |
| Sep | 106.93 | 107.09 | +0.31 | 107.03 | 106.93 | 40 | 758 |

BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

| Strike Price | Calls May | Calls Jun | Calls Jul | Calls Sep | Puts May | Puts Jun | Puts Jul | Puts Sep |
|---|---|---|---|---|---|---|---|---|
| 10700 | 0.69 | 0.94 | 0.94 | 1.24 | 0.26 | 0.51 | 0.85 | 1.15 |
| 10750 | 0.39 | 0.65 | 0.68 | 0.98 | 0.46 | 0.72 | 1.09 | 1.40 |
| 10800 | 0.20 | 0.42 | 0.48 | 0.78 | 0.77 | 0.99 | 1.39 | 1.69 |

Est. vol. total, Calls 14869 Puts 13969. Previous day's open int., Calls 176523 Puts 182518

NOTIONAL GERMAN BUND (BOBL) FUTURES (DTB) DM250,000 100ths of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 104.96 | 105.02 | +0.15 | 105.04 | 104.91 | 115,530 | 221,235 |
| Sep | - | 104.71 | - | - | - | - | 5,825 |

NOTIONAL GERMAN BOBL FUTURES (LIFFE)* DM250,000 100ths of 100%

**Italy**

NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)

ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE)

**Spain**

NOTIONAL SPANISH BOND FUTURES (MEFF)

**UK**

NOTIONAL UK GILT FUTURES (LIFFE) £100,000 100ths of 100%

LONG GILT FUTURES OPTIONS (LIFFE)

**US**

US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

**Japan**

NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE)

**Ecu**

ECU BOND FUTURES (MATIF) ECU100,000

| | Open | Sett price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 103.26 | 103.44 | +0.32 | 103.44 | 103.24 | 108 | 6,433 |

### US CORPORATE BONDS

### US INTEREST RATES

### INTERNATIONAL BONDS

| Apr 2 | Red date | Coupon | S & P Rating | Bid price | Bid yld | Day's chge yld | Mth's chge yld | Spread v Govts |
|---|---|---|---|---|---|---|---|---|
| EIB | 02/07 | 5.750 | AAA | 105.7200 | 4.94 | -0.03 | -0.07 | +0.12 |
| Spain | 01/07 | 5.750 | AA | 105.1900 | 5.00 | -0.04 | -0.05 | +0.15 |

## UK BONDS

### FTSE Actuaries Govt. Securities

### FT Fixed Interest Indices

## UK GILTS PRICES

### Other Fixed Interest

# Japan's disastrous tankan dents yen

**MARKETS REPORT**

By Simon Kuper

The yen dropped yesterday after the *tankan* survey of Japanese industry emerged even worse than expected. But the market remained reluctant to push the dollar much higher for fear that the Bank of Japan might intervene. Tokyo officials had threatened with intervention on Wednesday.

The bank's *tankan* showed that the diffusion index for large manufacturers, a crucial gauge of business sentiment, sank from -11 in December to -31 in March. It was the lowest reading since September 1994, and worse than expected.

Traders recalled that immediately after the weak December 1997 *tankan*, Japan had announced cuts in income tax and the central bank had sold dollars in the market. Fear of similar belligerence kept the dollar below Y134.40, its high for this cycle. But Tim Moloney, strategist at Deutsche Morgan Grenfell in Sydney, noted that apart from December 1997, the dollar has always risen against the yen in the week after a disappointing *tankan*.

Yesterday the dollar gained only Y0.3 against the yen to close in London at Y133.5.

The *tankan* dragged down the Australian dollar and several other Asian currencies, on fears that their economies would suffer from the weakening in Japan.

The pound fell after a Confederation of British Industry survey showed growth in retail sales slowing in March to its weakest pace since September 1995. This seemed to lessen the chance of the Bank of England's monetary policy committee raising base rates next week. Short sterling futures contracts rose, with the December 2000 contract up 7 basis points to price in base rates below 6.25 per cent.

The pound dropped 1.4 pfg against the D-Mark to DM3.085. The dollar was barely changed at DM1.849.

■ The Treasury and the Bank of England appear to have hit on a plan to weaken sterling. But when they tried it yesterday, it did not work.

The government wants a weaker pound, but seems to have decided against tightening fiscal policy, cutting interest rates or intervening in the market to achieve it. So yesterday Gordon Brown, UK chancellor, and Eddie George, governor of the Bank of England, used intellectual argument instead.

Mr George said sterling was strong because the market mistakenly thought the future euro might be weak. Mr Brown said that the market had not fully appreciated the strength of the future euro. But investors appeared to ignore them both.

Jeremy Hawkins, chief economist at Bank of America in London, said: "I think there's some deliberate ploy going on here, but there's about as much chance of it working as there is of Aldershot winning the FA Cup."

■ Sterling, the Polish zloty, the Greek drachma and the Czech koruna are all stronger than most economists think they should be. Avinash Persaud, global head of foreign exchange research at J.P. Morgan in London, has an all-encompassing theory to explain why that is.

He says the market's appetite for risk is very high at the moment: 0.9 out of a maximum reading of 1 on his scale. Risk appetite was as low as -0.9 in early February, he says.

The hunger for risk has grown because yields in most of the major economies are low, exchange rates are fairly quiet, and there has been no recent economic shock. With none of the world's Big Three central banks apparently planning a rate move, and the dollar about as high as the Bank of Japan will let it go, little change seems likely.

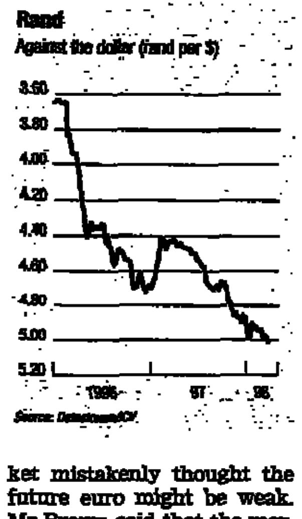
Investors are therefore searching for high interest rates. With UK yields at 7.25 per cent, Czech rates at 15 per cent and Polish rates around 24 per cent, the pound, zloty and koruna become irresistible, even though all three currencies are already too strong for domestic manufacturing.

They may be overvalued, says Mr Persaud, but in the short term they will become even more so.

■ The Reserve Bank of India yesterday cut its bank rate by 50 basis points to 10.0 per cent, and its repo rate by 100 basis points to 7.0 per cent.

Rand

Against the dollar (rand per $)




Source: Datastream/ICV

## ■ POUND IN NEW YORK

| Apr 2 | —Latest— | – Prev. close – |
|---|---|---|
| £ spot | 1.6685 | 1.6715 |
| 1 mth | 1.6660 | 1.6688 |
| 3 mth | 1.6610 | 1.6641 |
| 1 yr | 1.6425 | 1.6457 |

## ■ OTHER CURRENCIES

| Apr 2 | £ | $ |
|---|---|---|
| Czech Rp | 57.3160 - 57.4171 | 34.3580 - 34.3980 |
| Hungary | 358.177 - 358.474 | 213.510 - 213.560 |
| Iran | 5007.88 - 5004.68 | 3000.00 - 3008.00 |
| Kuwait | 0.5108 - 0.5113 | 0.3062 - 0.3063 |
| Peru | 4.6943 - 4.7038 | 2.8140 - 2.8180 |
| Poland | 5.7538 - 5.7621 | 3.4480 - 3.4520 |
| Russia | 10.2211 - 10.2297 | 6.1270 - 6.1285 |
| U.A.E. | 6.1270 - 6.1310 | 3.6728 - 3.6730 |

## POUND SPOT FORWARD AGAINST THE POUND

| Apr 2 | | Closing mid-point | Change on day | Bid/offer spread | Day's mid high | Day's mid low | One month Rate | One month %PA | Three months Rate | Three months %PA | One year Rate | One year %PA | Bank of Eng. Index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Europe** | | | | | | | | | | | | | |
| Austria | (Sch) | 21.7065 | -0.097 | 966 - 163 | 21.8100 | 21.6692 | 21.6346 | 4.0 | 21.4985 | 3.8 | 20.9818 | 3.4 | 102.3 |
| Belgium | (BFr) | 63.6309 | -0.2912 | 701 - 917 | 63.9560 | 63.5800 | 63.429 | 3.8 | 63.0351 | 3.7 | 61.4986 | 3.3 | 101.4 |
| Denmark | (DKr) | 11.7580 | -0.0538 | 521 - 639 | 11.8160 | 11.7380 | 11.7229 | 3.6 | 11.6545 | 3.5 | 11.3961 | 3.1 | 103.6 |
| Finland | (FM) | 9.3696 | -0.037 | 628 - 764 | 9.4120 | 9.3580 | 9.3385 | 4.0 | 9.2798 | 3.8 | 9.0514 | 3.4 | 79.8 |
| France | (FFr) | 10.3384 | -0.0422 | 340 - 427 | 10.3879 | 10.3193 | 10.3046 | 3.9 | 10.24 | 3.8 | 9.9887 | 3.4 | 104.7 |
| Germany | (DM) | 3.0854 | -0.0137 | 840 - 867 | 3.1010 | 3.0785 | 3.0755 | 3.9 | 3.0561 | 3.8 | 2.9809 | 3.4 | 102.5 |
| Greece | (Dr) | 535.052 | -4.886 | 808 - 296 | 541.072 | 534.808 | 536.737 | -3.8 | 538.888 | -3.6 | 551.989 | -3.2 | 59.1 |
| Ireland | (I£) | 1.2268 | -0.0061 | 253 - 278 | 1.2324 | 1.2253 | 1.2253 | 1.2 | 1.2217 | 1.6 | 1.1961 | 2.5 | 92.1 |
| Italy | (L) | 3042.29 | -13.11 | 013 - 445 | 3055.80 | 3036.36 | 3037.74 | 1.8 | 3025.84 | 2.2 | 2960.07 | 2.7 | 75.0 |
| Luxembourg | (LFr) | 63.6309 | -0.2912 | 701 - 917 | 63.9560 | 63.5800 | 63.429 | 3.8 | 63.0351 | 3.7 | 61.4986 | 3.3 | 101.4 |
| Netherlands | (Fl) | 3.4767 | -0.0158 | 750 - 783 | 3.4940 | 3.4707 | 3.4652 | 4.0 | 3.4428 | 3.9 | 3.3577 | 3.4 | 100.6 |
| Norway | (NKr) | 12.7709 | -0.0383 | 651 - 767 | 12.8334 | 12.7527 | 12.7331 | 3.6 | 12.6623 | 3.4 | 12.4014 | 2.9 | 98.3 |
| Portugal | (Es) | 316.069 | -1.321 | 890 - 247 | 317.441 | 315.577 | 315.305 | 2.9 | 313.635 | 3.1 | 306.028 | 3.2 | 90.8 |
| Spain | (Pta) | 261.777 | -1.251 | 657 - 898 | 263.100 | 261.310 | 261.166 | 2.8 | 259.835 | 3.0 | 253.706 | 3.1 | 76.1 |
| Sweden | (SKr) | 13.3754 | -0.0529 | 651 - 856 | 13.4474 | 13.3637 | 13.3431 | 2.9 | 13.2808 | 2.8 | 13.0409 | 2.5 | 85.8 |
| Switzerland | (SFr) | 2.5491 | -0.0146 | 475 - 507 | 2.5663 | 2.5468 | 2.5365 | 5.9 | 2.5116 | 5.9 | 2.4113 | 5.4 | 105.4 |
| UK | (£) | - | - | - | - | - | - | - | - | - | - | - | 108.5 |
| Ecu | - | 1.5512 | -0.0058 | 504 - 520 | 1.5605 | 1.5461 | 1.547 | 3.2 | 1.5387 | 3.2 | 1.5034 | 3.1 | - |
| SDR† | - | 1.257220 | - | - | - | - | - | - | - | - | - | - | - |
| **Americas** | | | | | | | | | | | | | |
| Argentina | (Peso) | 1.6685 | -0.0068 | 679 - 690 | 1.6735 | 1.6662 | - | - | - | - | - | - | - |
| Brazil | (R$) | 1.8974 | -0.0078 | 967 - 980 | 1.9031 | 1.8951 | - | - | - | - | - | - | - |
| Canada | (C$) | 2.3703 | -0.0043 | 692 - 714 | 2.3753 | 2.3644 | 2.3649 | 2.7 | 2.3547 | 2.6 | 2.3158 | 2.3 | 83.4 |
| Mexico | (New Peso) | 14.2249 | -0.0136 | 164 - 333 | 14.2357 | 14.2119 | 14.3765 | -12.8 | 14.6763 | -12.7 | 15.9915 | -12.4 | - |
| USA | ($) | 1.6687 | -0.0068 | 682 - 692 | 1.6738 | 1.6665 | 1.6662 | 1.8 | 1.6613 | 1.8 | 1.6428 | 1.6 | 110.7 |
| **Pacific/Middle East/Africa** | | | | | | | | | | | | | |
| Australia | (A$) | 2.5432 | +0.0084 | 411 - 453 | 2.5571 | 2.5350 | 2.5361 | 2.4 | 2.5274 | 2.5 | 2.4818 | 2.4 | 87.2 |
| Hong Kong | (HK$) | 12.9311 | -0.0521 | 264 - 358 | 12.9703 | 12.9154 | 12.9196 | 1.1 | 12.9215 | 0.3 | 13.1161 | -1.4 | - |
| India | (Rs) | 65.9345 | -0.231 | 064 - 626 | 66.0980 | 65.9840 | - | - | - | - | - | - | - |
| Israel | (Shk) | 6.0314 | -0.0039 | 227 - 400 | 6.0489 | 6.0219 | - | - | - | - | - | - | - |
| Japan | (Y) | 222.688 | -0.480 | 538 - 838 | 224.060 | 222.410 | 221.423 | 6.8 | 218.873 | 6.9 | 208.148 | 6.5 | 117.1 |
| Malaysia | (M$) | 6.2535 | +0.0625 | 349 - 720 | 6.2853 | 6.1184 | 6.2814 | -5.4 | 6.3119 | -3.7 | 6.4356 | -2.9 | - |
| New Zealand | (NZ$) | 3.0365 | -0.0013 | 336 - 393 | 3.0517 | 3.0334 | 3.0422 | -2.3 | 3.0512 | -1.9 | 3.0758 | -1.3 | 97.8 |
| Philippines | (Peso) | 64.9626 | +0.749 | 762 - 489 | 65.3268 | 64.7762 | 65.5143 | -10.2 | 66.5695 | -9.9 | 71.547 | -10.1 | - |
| Saudi Arabia | (SR) | 6.2585 | -0.0257 | 564 - 605 | 6.2776 | 6.2505 | 6.252 | 1.2 | 6.2362 | 1.2 | 6.1924 | 1.1 | - |
| Singapore | (S$) | 2.7092 | -0.0064 | 058 - 125 | 2.7258 | 2.7058 | 2.7117 | -1.1 | 2.7079 | 0.2 | 2.6901 | 0.7 | - |
| South Africa | (R) | 8.4144 | -0.0369 | 094 - 194 | 8.4428 | 8.4058 | 8.4566 | -6.0 | 8.5355 | -5.8 | 8.8552 | -5.2 | - |
| South Korea | (Won) | 2389.38 | +30.6 | 717 - 359 | 2376.16 | 2321.72 | - | - | - | - | - | - | - |
| Taiwan | (T$) | 54.8877 | -0.1257 | 604 - 150 | 55.0446 | 54.8714 | 54.8974 | -0.2 | 54.8959 | -0.1 | 54.7899 | 0.2 | - |
| Thailand | (Bt) | 67.9898 | +1.586 | 289 - 703 | 68.5320 | 65.7930 | 68.6459 | -11.4 | 69.6063 | -9.5 | 73.1847 | -7.6 | - |

† Rates for Apr 1. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. The exchange rates printed in this table are also available on the Internet at http://www.FT.com

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

| Apr 2 | | Closing mid-point | Change on day | Bid/offer spread | Day's mid high | Day's mid low | One month Rate | One month %PA | Three months Rate | Three months %PA | One year Rate | One year %PA | J.P. Morgan Index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Europe** | | | | | | | | | | | | | |
| Austria | (Sch) | 13.0080 | -0.0051 | 060 - 100 | 13.0590 | 12.9850 | 12.9847 | 2.1 | 12.9412 | 2.1 | 12.76 | 1.9 | 102.0 |
| Belgium | (BFr) | 38.1320 | -0.019 | 070 - 570 | 38.2800 | 38.1070 | 38.069 | 2.0 | 37.9445 | 2.0 | 37.437 | 1.8 | 101.4 |
| Denmark | (DKr) | 7.0462 | -0.0035 | 448 - 476 | 7.0755 | 7.0430 | 7.0359 | 1.8 | 7.0158 | 1.7 | 6.9372 | 1.5 | 102.9 |
| Finland | (FM) | 5.6149 | +0.0007 | 125 - 173 | 5.6367 | 5.6097 | 5.6048 | 2.1 | 5.586 | 2.1 | 5.5089 | 1.9 | 79.3 |
| France | (FFr) | 6.1965 | - | 947 - 982 | 6.2192 | 6.1915 | 6.1847 | 2.1 | 6.164 | 2.0 | 6.0805 | 1.9 | 104.2 |
| Germany | (DM) | 1.8490 | -0.0007 | 487 - 492 | 1.8562 | 1.8473 | 1.8458 | 2.1 | 1.8397 | 2.0 | 1.8146 | 1.9 | 102.1 |
| Greece | (Dr) | 320.640 | -1.615 | 590 - 690 | 323.700 | 320.350 | 322.14 | -5.6 | 324.99 | -5.4 | 336.015 | -4.8 | 58.7 |
| Ireland | (I£) | 1.3605 | +0.0012 | 595 - 615 | 1.3615 | 1.3551 | 1.3598 | 0.7 | 1.3598 | 0.2 | 1.3735 | -1.0 | - |
| Italy | (L) | 1823.15 | -0.43 | 240 - 390 | 1830.00 | 1821.20 | 1823.2 | 0.0 | 1821.43 | 0.4 | 1801.9 | 1.2 | 74.6 |
| Luxembourg | (LFr) | 38.1320 | -0.019 | 070 - 570 | 38.2800 | 38.1070 | 38.069 | 2.0 | 37.9445 | 2.0 | 37.437 | 1.8 | 101.4 |
| Netherlands | (Fl) | 2.0835 | -0.0008 | 831 - 839 | 2.0918 | 2.0817 | 2.0798 | 2.1 | 2.0724 | 2.1 | 2.0438 | 1.9 | 100.5 |
| Norway | (NKr) | 7.6532 | +0.0082 | 520 - 544 | 7.6769 | 7.6476 | 7.6422 | 1.7 | 7.6222 | 1.6 | 7.5482 | 1.4 | 95.8 |
| Portugal | (Es) | 189.410 | -0.02 | 360 - 460 | 190.070 | 189.240 | 189.24 | 1.1 | 188.795 | 1.3 | 186.29 | 1.6 | 91.5 |
| Spain | (Pta) | 156.875 | -0.11 | 850 - 900 | 157.530 | 156.720 | 156.748 | 1.0 | 156.41 | 1.2 | 154.44 | 1.6 | 75.8 |
| Sweden | (SKr) | 8.0155 | +0.001 | 117 - 192 | 8.0454 | 8.0117 | 8.0083 | 1.1 | 7.9946 | 1.0 | 7.9385 | 1.0 | 85.5 |
| Switzerland | (SFr) | 1.5276 | -0.0025 | 271 - 281 | 1.5365 | 1.5265 | 1.5224 | 4.1 | 1.5119 | 4.1 | 1.4679 | 3.9 | 105.1 |
| UK | (£) | 1.6687 | -0.0068 | 682 - 692 | 1.6738 | 1.6665 | 1.6662 | 1.8 | 1.6613 | 1.8 | 1.6428 | 1.6 | 108.5 |
| Ecu | - | 1.0758 | -0.0004 | 755 - 760 | 1.0785 | 1.0723 | 1.0771 | -1.4 | 1.0796 | -1.4 | 1.0927 | -1.6 | - |
| SDR† | - | 0.74937 | - | - | - | - | - | - | - | - | - | - | - |
| **Americas** | | | | | | | | | | | | | |
| Argentina | (Peso) | 0.9999 | - | 998 - 999 | 0.9999 | 0.9998 | - | - | - | - | - | - | - |
| Brazil | (R$) | 1.1371 | - | 370 - 371 | 1.1372 | 1.1370 | - | - | - | - | - | - | - |
| Canada | (C$) | 1.4205 | +0.0032 | 202 - 207 | 1.4207 | 1.4174 | 1.4194 | 0.9 | 1.4175 | 0.9 | 1.4098 | 0.8 | 83.9 |
| Mexico | (New Peso) | 8.5245 | +0.0265 | 220 - 270 | 8.5270 | 8.5220 | 8.6295 | -14.6 | 8.8345 | -14.5 | 9.7345 | -14.2 | - |
| USA | ($) | - | - | - | - | - | - | - | - | - | - | - | 111.5 |
| **Pacific/Middle East/Africa** | | | | | | | | | | | | | |
| Australia | (A$) | 1.5240 | +0.0111 | 232 - 249 | 1.5305 | 1.5184 | 1.5232 | 0.6 | 1.5206 | 0.9 | 1.5098 | 0.9 | 88.2 |
| Hong Kong | (HK$) | 7.7492 | +0.0003 | 487 - 497 | 7.7497 | 7.7485 | 7.7542 | -0.8 | 7.7782 | -1.5 | 7.9842 | -3.0 | - |
| India | (Rs) | 39.5125 | +0.0225 | 075 - 175 | 39.5200 | 39.4750 | - | - | - | - | - | - | - |
| Israel | (Shk) | 3.6144 | +0.0123 | 103 - 185 | 3.6224 | 3.6059 | - | - | - | - | - | - | - |
| Japan | (Y) | 133.450 | +0.25 | 400 - 500 | 134.080 | 133.050 | 132.89 | 5.0 | 131.75 | 5.1 | 126.7 | 5.1 | 118.3 |
| Malaysia | (M$) | 3.7475 | +0.0525 | 375 - 575 | 3.7625 | 3.6800 | 3.77 | -7.2 | 3.7995 | -5.6 | 3.9175 | -4.5 | - |
| New Zealand | (NZ$) | 1.8197 | +0.0066 | 186 - 208 | 1.8252 | 1.8165 | 1.8228 | -2.0 | 1.8282 | -1.9 | 1.847 | -1.5 | - |
| Philippines | (Peso) | 38.9300 | +0.605 | 300 - 300 | 39.2000 | 38.7500 | 39.3205 | -12.0 | 40.072 | -11.7 | 43.553 | -11.9 | - |
| Saudi Arabia | (SR) | 3.7505 | -0.0002 | 504 - 508 | 3.7506 | 3.7504 | 3.7524 | -0.6 | 3.7558 | -0.6 | 3.7695 | -0.5 | - |
| Singapore | (S$) | 1.6235 | +0.0027 | 220 - 250 | 1.6320 | 1.6215 | 1.6275 | -3.0 | 1.63 | -1.6 | 1.6375 | -0.9 | - |
| South Africa | (R) | 5.0425 | -0.0015 | 410 - 440 | 5.0470 | 5.0380 | 5.0755 | -7.9 | 5.138 | -7.6 | 5.3905 | -6.9 | - |
| South Korea | (Won) | 1414.50 | +24 | 300 - 600 | 1422.00 | 1398.00 | - | - | - | - | - | - | - |
| Taiwan | (T$) | 32.8925 | +0.0585 | 860 - 990 | 32.8990 | 32.8340 | 32.9485 | -2.0 | 33.045 | -1.9 | 33.3525 | -1.4 | - |
| Thailand | (Bt) | 40.7500 | +1.1 | 000 - 000 | 41.0000 | 39.3500 | 41.2 | -13.3 | 41.9 | -11.3 | 44.55 | -9.3 | - |

† SDR rate per $ for Apr 1. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Apr 1: Base average 1990=100. Bid, offer, mid spot rates and forward rates in both this and the Dollar table are derived from THE WM/REUTERS CLOSING SPOT and FORWARD RATE services. Some values are rounded by the F.T.
The exchange rates printed in this table are also available on the Internet at http://www.FT.com

## WORLD INTEREST RATES

### MONEY RATES

| Apr 2 | Over night | One month | Three mths | Six mths | One year | Lomb. inter. | Dis. rate | Repo rate |
|---|---|---|---|---|---|---|---|---|
| Belgium | 3½ | 3¾ | 3⅝ | 3¾ | 3⅞ | 6.00 | 2.75 | – |
| France | 3¼ | 3⅝ | 3⅝ | 3⅝ | 3⅞ | 4.60 | – | 3.30 |
| Germany | 3⅜ | 3⅝ | 3⅝ | 3⅝ | 3⅝ | 4.50 | 2.50 | 3.30 |
| Ireland | 5¼ | 6¼ | 5⅝ | 5⅛ | 4⅞ | – | – | 6.75 |
| Italy | 5¾ | 5⅝ | 5⅛ | 4⅞ | 4⅝ | 7.00 | 5.50 | 5.63 |
| Netherlands | 3⅜ | 3¼ | 3½ | 3⅝ | 3⅝ | – | 2.75 | 3.30 |
| Switzerland | 1⅜ | 1⅛ | 1½ | 1⅝ | 1¾ | – | 1.00 | – |
| US | 5½ | 5⅝ | 5⅝ | 5⅝ | 5⅝ | – | 5.00 | – |
| Japan | ½ | ⅝ | ⅝ | ⅝ | ½ | – | 0.50 | – |
| **■ $ LIBOR BBA London** | | | | | | | | |
| Interbank Fixing | – | 5⅝ | 5⅝ | 5¾ | 5⅞ | – | – | – |
| US Dollar CDs | – | 5.53 | 5.53 | 5.58 | 5.67 | – | – | – |
| ECU Linked Ds | – | 4⅛ | 4¼ | 4⅛ | 4⅛ | – | – | – |
| SDR Linked Ds | – | 3¾ | 3¾ | 3⅝ | 3⅝ | – | – | – |

The FT has replaced the Libor FT London interbank fixing rate with the BBA London rate. Any comments should be sent to Martin Dickson, Financial Editor, at the FT.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

### EURO CURRENCY INTEREST RATES

| Apr 2 | Short term | 7 days notice | One month | Three months | Six months | One year |
|---|---|---|---|---|---|---|
| Belgian Franc | 3⅝ - 3½ | 3⅝ - 3⅝ | 3⅝ - 3½ | 3¾ - 3⅝ | 3⅝ - 3⅝ | 3⅞ - 3¾ |
| Danish Krone | 3⅞ - 3½ | 3⅝ - 3⅝ | 3¾ - 3⅝ | 3⅞ - 3⅝ | 4⅛ - 3⅞ | 4⅛ - 4⅛ |
| German Mark | 3¾ - 3¼ | 3⅛ - 3⅜ | 3⅝ - 3½ | 3⅝ - 3½ | 3⅝ - 3½ | 3¾ - 3⅝ |
| Dutch Guilder | 3⅜ - 3¼ | 3⅝ - 3⅜ | 3⅝ - 3⅝ | 3⅝ - 3½ | 3⅝ - 3½ | 3¾ - 3⅝ |
| French Franc | 3⅞ - 3⅜ | 3⅝ - 3⅜ | 3⅛ - 3½ | 3⅝ - 3⅝ | 3⅝ - 3½ | 3⅞ - 3⅝ |
| Portuguese Esc. | 4⅛ - 4⅝ | 4⅝ - 4⅝ | 4¾ - 4⅝ | 4⅝ - 4⅝ | 4½ - 4⅜ | 4¾ - 4⅛ |
| Spanish Peseta | 4⅝ - 4⅝ | 4⅝ - 4⅝ | 4⅝ - 4⅛ | 4⅝ - 4¾ | 4⅛ - 4⅛ | 4⅛ - 4⅛ |
| Sterling | 7⅛ - 7⅛ | 7⅝ - 7⅛ | 7⅛ - 7¼ | 7⅛ - 7¼ | 7⅛ - 7⅛ | 7⅛ - 7⅛ |
| Swiss Franc | 1¾ - 1¼ | 1⅛ - 1⅛ | 1¾ - 1⅜ | 1⅝ - 1⅜ | 1⅝ - 1⅝ | 1⅝ - 1⅝ |
| Canadian Dollar | 4⅞ - 4⅛ | 4⅞ - 4⅞ | 4⅝ - 4¾ | 5⅛ - 4⅞ | 5⅛ - 4⅞ | 5⅜ - 5⅛ |
| US Dollar | 5⅝ - 5½ | 5⅝ - 5½ | 5⅝ - 5⅛ | 5⅝ - 5⅛ | 5⅝ - 5⅝ | 5⅞ - 5⅝ |
| Italian Lira | 6½ - 5½ | 5¾ - 5⅝ | 5⅛ - 5⅝ | 5⅛ - 5⅛ | 4⅞ - 4⅝ | 4⅝ - 4⅛ |
| Japanese Yen | ⅜ - ¼ | ⅝ - ⅝ | ⅝ - ⅜ | ⅝ - ⅝ | ⅜ - ⅝ | ⅜ - ¼ |
| Asian $Sing | 4½ - 4¼ | 5½ - 5¼ | - - - | - - - | - - - | - - - |

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTHS PIBOR FUTURES (MATIF) Paris interbank offered rate

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 96.23 | 96.24 | +0.02 | 96.26 | 96.22 | 13,633 | 73,995 |
| Sep | 96.06 | 96.09 | +0.03 | 96.10 | 96.06 | 5,024 | 33,587 |

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 96.260 | 96.265 | +0.010 | 96.280 | 96.250 | 70205 | 392096 |
| Sep | 96.110 | 96.125 | +0.025 | 96.135 | 96.090 | 46785 | 354657 |
| Dec | 95.910 | 95.930 | +0.030 | 95.945 | 95.890 | 58161 | 372250 |
| Mar | 95.790 | 95.805 | +0.030 | 95.825 | 95.770 | 27223 | 345377 |

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Apr | | 96.44 | +0.01 | | | 0 | 500 |
| May | | 96.39 | - | | | 0 | 1 |

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 95.31 | 95.30 | -0.02 | 95.35 | 95.25 | 65712 | 226427 |
| Sep | 95.71 | 95.75 | +0.03 | 95.75 | 95.69 | 23891 | 242829 |
| Dec | 95.78 | 95.87 | +0.06 | 95.90 | 95.78 | 48594 | 204376 |
| Mar | 95.73 | 95.78 | +0.04 | 95.79 | 95.71 | 6328 | 174482 |

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 98.34 | 98.39 | +0.04 | 98.40 | 98.29 | 18184 | 81251 |
| Sep | 98.18 | 98.23 | +0.04 | 98.24 | 98.12 | 10405 | 79932 |
| Dec | 97.97 | 98.04 | +0.05 | 98.05 | 97.93 | 2359 | 23011 |
| Mar | 97.87 | 97.95 | +0.06 | 97.95 | 97.84 | 1289 | 10013 |

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | | 99.28 | -0.03 | | | 0 | na |
| Sep | | 99.28 | -0.02 | | | 0 | na |
| Dec | | 99.23 | -0.03 | | | 0 | na |

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 95.77 | 95.78 | +0.01 | 95.79 | 95.77 | 620 | 13582 |
| Sep | 95.81 | 95.82 | +0.02 | 95.83 | 95.77 | 1458 | 15163 |
| Dec | 95.85 | 95.91 | +0.04 | 95.91 | 95.85 | 52 | 6797 |
| Mar | 95.76 | 95.80 | +0.04 | 95.78 | 95.78 | 60 | 5490 |

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

| Strike Price | CALLS Jun | CALLS Sep | CALLS Dec | PUTS Jun | PUTS Sep | PUTS Dec |
|---|---|---|---|---|---|---|
| 9525 | 0.22 | 0.59 | 0.67 | 0.09 | 0.05 | 0.05 |
| 9550 | 0.09 | 0.37 | 0.45 | 0.21 | 0.08 | 0.08 |
| 9575 | 0.03 | 0.19 | 0.26 | 0.40 | 0.15 | 0.14 |

Est. vol. total, Calls n/a Puts n/a. Previous day's open int., Calls n/a Puts n/a.

## CROSS RATES AND DERIVATIVES

### EXCHANGE CROSS RATES

| Apr 2 | | BFr | DKr | FFr | DM | I£ | L | Fl | NKr | Es | Pta | SKr | SFr | £ | C$ | $ | Y | Ecu |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Belgium | (BFr) | 100 | 18.48 | 16.25 | 4.849 | 1.928 | 4781 | 5.464 | 20.07 | 496.7 | 411.4 | 21.02 | 4.006 | 1.572 | 3.725 | 2.622 | 350.0 | 2.438 |
| Denmark | (DKr) | 54.12 | 10 | 8.793 | 2.624 | 1.043 | 2587 | 2.957 | 10.86 | 268.8 | 222.6 | 11.38 | 2.168 | 0.850 | 2.016 | 1.419 | 189.4 | 1.319 |
| France | (FFr) | 61.55 | 11.37 | 10 | 2.984 | 1.186 | 2943 | 3.363 | 12.35 | 305.7 | 253.2 | 12.94 | 2.466 | 0.967 | 2.293 | 1.614 | 215.4 | 1.500 |
| Germany | (DM) | 20.62 | 3.811 | 3.351 | 1 | 0.398 | 986.0 | 1.127 | 4.139 | 102.4 | 84.84 | 4.335 | 0.826 | 0.324 | 0.768 | 0.541 | 72.17 | 0.503 |
| Ireland | (I£) | 51.88 | 9.588 | 8.429 | 2.516 | 1 | 2480 | 2.835 | 10.41 | 257.7 | 213.4 | 10.91 | 2.078 | 0.815 | 1.933 | 1.361 | 181.6 | 1.265 |
| Italy | (L) | 2.092 | 0.386 | 0.340 | 0.101 | 0.040 | 100 | 0.114 | 0.420 | 10.39 | 8.605 | 0.440 | 0.084 | 0.033 | 0.078 | 0.055 | 7.320 | 0.051 |
| Netherlands | (Fl) | 18.30 | 3.382 | 2.974 | 0.887 | 0.353 | 875.0 | 1 | 3.673 | 90.91 | 75.29 | 3.847 | 0.733 | 0.288 | 0.682 | 0.480 | 64.05 | 0.446 |
| Norway | (NKr) | 49.82 | 9.207 | 8.095 | 2.416 | 0.960 | 2382 | 2.722 | 10 | 247.5 | 205.0 | 10.47 | 1.996 | 0.783 | 1.856 | 1.307 | 174.4 | 1.215 |
| Portugal | (Es) | 20.13 | 3.720 | 3.271 | 0.976 | 0.388 | 962.5 | 1.100 | 4.041 | 100 | 82.82 | 4.232 | 0.807 | 0.316 | 0.750 | 0.528 | 70.46 | 0.491 |
| Spain | (Pta) | 24.31 | 4.492 | 3.949 | 1.178 | 0.469 | 1162 | 1.328 | 4.879 | 120.7 | 100 | 5.109 | 0.974 | 0.382 | 0.906 | 0.637 | 85.07 | 0.593 |
| Sweden | (SKr) | 47.57 | 8.791 | 7.729 | 2.307 | 0.917 | 2275 | 2.599 | 9.548 | 236.3 | 195.7 | 10 | 1.906 | 0.748 | 1.772 | 1.248 | 166.5 | 1.160 |
| Switzerland | (SFr) | 24.96 | 4.613 | 4.056 | 1.210 | 0.481 | 1193 | 1.364 | 5.010 | 124.0 | 102.7 | 5.247 | 1 | 0.392 | 0.930 | 0.655 | 87.36 | 0.609 |
| UK | (£) | 63.63 | 11.76 | 10.34 | 3.085 | 1.227 | 3042 | 3.477 | 12.77 | 316.1 | 261.8 | 13.38 | 2.549 | 1 | 2.370 | 1.669 | 222.7 | 1.551 |
| Canada | (C$) | 26.84 | 4.960 | 4.362 | 1.302 | 0.517 | 1283 | 1.467 | 5.388 | 133.3 | 110.4 | 5.643 | 1.075 | 0.422 | 1 | 0.704 | 93.95 | 0.654 |
| USA | ($) | 38.13 | 7.046 | 6.196 | 1.849 | 0.735 | 1823 | 2.084 | 7.653 | 189.4 | 156.9 | 8.016 | 1.528 | 0.599 | 1.421 | 1 | 133.5 | 0.930 |
| Japan | (Y) | 28.57 | 5.280 | 4.643 | 1.386 | 0.551 | 1366 | 1.561 | 5.735 | 141.9 | 117.6 | 6.006 | 1.145 | 0.449 | 1.064 | 0.749 | 100 | 0.697 |
| Ecu | - | 41.02 | 7.580 | 6.665 | 1.989 | 0.791 | 1961 | 2.241 | 8.233 | 203.8 | 168.8 | 8.623 | 1.643 | 0.645 | 1.528 | 1.076 | 143.6 | 1 |

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 0.5420 | 0.5432 | +0.0009 | 0.5435 | 0.5427 | 21,277 | 93,651 |
| Sep | 0.5457 | 0.5455 | +0.0005 | 0.5463 | 0.5457 | 20 | 2,425 |
| Dec | – | 0.5490 | – | – | – | 4 | 27 |

■ JAPANESE YEN FUTURES (IMM) Yen 12.5m per Yen 100

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 0.7560 | 0.7562 | -0.0025 | 0.7557 | 0.7544 | 23,099 | 99,582 |
| Sep | 0.7652 | 0.7659 | -0.0026 | 0.7652 | 0.7652 | 125 | 1,392 |
| Dec | – | 0.7765 | -0.0019 | 0.7780 | 0.7755 | 40 | 243 |

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 0.6573 | 0.6600 | +0.0021 | 0.6602 | 0.6589 | 18,584 | 72,640 |
| Sep | – | 0.6642 | -0.0004 | 0.6663 | 0.6638 | 19 | 1,283 |
| Dec | – | 0.6710 | -0.0001 | – | 0.6710 | 4 | 18 |

■ STERLING FUTURES (IMM) £62,500 per £

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 1.6650 | 1.6626 | -0.0024 | 1.6648 | 1.6604 | 6,821 | 42,298 |
| Sep | 1.6540 | 1.6540 | -0.0042 | 1.6540 | 1.6540 | 4 | 613 |
| Dec | – | 1.6500 | – | 1.6550 | 1.6500 | 1 | 38 |

## UK INTEREST RATES

### LONDON MONEY RATES

| Apr 2 | Over-night | 7 days notice | One month | Three months | Six months | One year |
|---|---|---|---|---|---|---|
| Interbank Sterling | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sterling CDs | - | - | [illegible] | [illegible] | [illegible] | [illegible] |
| Treasury Bills | - | - | [illegible] | [illegible] | - | - |
| Bank Bills | - | - | [illegible] | [illegible] | - | - |
| Local authority deps. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Discount Market deps. | [illegible] | [illegible] | - | - | - | - |

UK clearing bank base lending rate 7¼ per cent from Nov 6, 1997

| | Up to 1 month | 1-3 month | 3-6 months | 6-9 months | 9-12 months |
|---|---|---|---|---|---|
| Certs of Tax dep. (£100,000) | 2½ | 5½ | 5 | 5 | 4½ |

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc. [illegible]

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 92.50 | 92.49 | +0.01 | 92.51 | 92.46 | 21727 | 152140 |
| Sep | 92.58 | 92.61 | +0.01 | 92.62 | 92.56 | 22595 | 168277 |
| Dec | 92.74 | 92.76 | +0.02 | 92.77 | 92.70 | 24644 | 146573 |
| Mar | 92.86 | 92.89 | +0.02 | 92.87 | 92.80 | 15049 | 84235 |
| Jun | 93.00 | 93.13 | +0.04 | 93.16 | 93.07 | 12005 | 82673 |

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

| Strike Price | CALLS Jun | CALLS Sep | CALLS Dec | PUTS Jun | PUTS Sep | PUTS Dec |
|---|---|---|---|---|---|---|
| 9225 | 0.26 | 0.42 | 0.58 | 0.02 | 0.06 | 0.07 |
| 9250 | 0.08 | 0.23 | 0.39 | 0.09 | 0.12 | 0.13 |
| 9275 | 0.01 | 0.10 | 0.24 | 0.27 | 0.24 | 0.23 |

Est. vol. total, Calls 6494 Puts 1659. Previous day's open int., Calls 394981 Puts 215435

## EMS EUROPEAN CURRENCY UNIT RATES

| Apr 2 | Ecu cen. rates | Rate against Ecu | Change on day | % +/- from cen. rate | % spread v weakest | Div. ind. |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

NON ERM MEMBERS

[illegible]

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

| Strike Price | CALLS Apr | CALLS May | CALLS Jun | PUTS Apr | PUTS May | PUTS Jun |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

| Strike Price | CALLS Apr | CALLS May | CALLS Jun | PUTS Apr | PUTS May | PUTS Jun |
|---|---|---|---|---|---|---|
| 0.540 | 0.31 | 0.73 | 0.97 | 0.27 | 0.58 | 0.74 |
| 0.545 | 0.21 | 0.49 | 0.72 | 0.57 | 0.85 | 1.00 |
| 0.550 | 0.05 | 0.33 | 0.53 | 0.96 | 1.16 | 1.32 |

Previous day's vol., Calls 1,020 Puts 2,004. Prev. day's open int., Calls 8,730 Puts 16,814

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 94.30 | 94.31 | +0.01 | 94.31 | 94.28 | 48,417 | 481,419 |
| Sep | 94.26 | 94.28 | +0.02 | 94.27 | 94.23 | 90,232 | 401,445 |
| Dec | 94.16 | 94.18 | +0.02 | 94.17 | 94.11 | 65,397 | 315,885 |

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 95.11 | 95.11 | – | 95.13 | 95.09 | 204 | 4,832 |
| Sep | – | 95.09 | – | 95.08 | 95.08 | 1 | 507 |
| Dec | – | 95.05 | – | 95.05 | – | 2 | 4 |

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

| Strike Price | CALLS Apr | CALLS May | CALLS Jun | CALLS Sep | PUTS Apr | PUTS May | PUTS Jun | PUTS Sep |
|---|---|---|---|---|---|---|---|---|
| 9625 | 0.040 | 0.060 | 0.085 | 0.085 | 0.025 | 0.045 | 0.070 | 0.150 |
| 9650 | 0.005 | 0.010 | 0.010 | 0.010 | 0.240 | 0.245 | 0.245 | 0.385 |
| 9675 | 0 | 0 | 0 | 0 | 0.485 | 0.485 | 0.485 | 0.625 |
| 9700 | 0 | 0 | 0 | 0 | 0.735 | 0.735 | 0.735 | 0.875 |

Est. vol. total, Calls 11580 Puts 11651. Previous day's open int., Calls 306353 Puts 374686

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

| Strike Price | CALLS Jun | CALLS Sep | CALLS Dec | PUTS Jun | PUTS Sep | PUTS Dec |
|---|---|---|---|---|---|---|
| 9850 | 0.08 | 0.08 | 0.09 | 0.19 | 0.35 | 0.55 |
| 9875 | 0.03 | 0.03 | 0.04 | 0.39 | 0.55 | 0.75 |

Est. vol. total, Calls 925 Puts 249. Previous day's open int., Calls 26005 Puts 7738

## BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 7.25 | Exeter Trust Limited | 8.25 | ●Singer & Friedlander | 7.25 |
| Allied Irish Bank (GB) | 7.25 | Financial & Gen Bank | 8.00 | ●Smith & Williamson | 7.25 |
| ●Henry Ansbacher | 7.25 | ●Robert Fleming & Co | 7.25 | Sun Banking Corp Ltd | 7.25 |
| Banco Bilbao Vizcaya | 7.25 | ●Guinness Mahon | 7.25 | TSB | 7.25 |
| Bank of Cyprus | 7.25 | Habib Bank AG Zurich | 7.25 | United Bank of Kuwait | 7.25 |
| Bank of Ireland | 7.25 | ●Hambros Bank | 7.25 | Unity Trust Bank Plc | 7.25 |
| Bank of India | 7.25 | Heritable & Gen Inv Bk | 7.25 | Whiteaway Laidlaw | 7.25 |
| Bank of Scotland | 7.25 | C. Hoare & Co | 7.25 | Yorkshire Bank | 7.25 |
| Barclays Bank | 7.25 | Hongkong & Shanghai | 7.25 | | |
| Brit Bk of Mid East | 7.25 | Investec Bank (UK) Ltd | 7.25 | | |
| ●Brown Shipley & Co Ltd | 7.25 | Julian Hodge Bank | 7.25 | | |
| Citibank NA | 7.25 | ●Leopold Joseph & Sons | 7.25 | | |
| Clydesdale Bank | 7.25 | Lloyds Bank | 7.25 | | |
| The Co-operative Bank | 7.25 | Midland Bank | 7.25 | | |
| Coutts & Co. | 7.25 | NatWestminster | 7.25 | | |
| Cyprus Popular Bank | 7.25 | ●Rea Brothers | 7.25 | | |
| Duncan Lawrie | 7.25 | Royal Bk of Scotland | 7.25 | | |
| | | Scottish Widows Bank | 7.25 | | |

● Members of London Investment Banking Association

* In administration





Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading on 03.04.98 / First Prices for Trading on 02.03.98

| ½ hour period ending | Pool purchase price £/MWh | Pool purchase price £/MWh | Pool selling price £/MWh | TS use of system price £/MWh |
|---|---|---|---|---|
| 0030 | 15.94 | 16.35 | 16.35 | 0.00 |
| 0100 | 15.82 | 16.35 | 16.35 | 0.00 |
| 0130 | 16.43 | 16.40 | 16.40 | 0.00 |
| 0200 | 16.98 | 16.40 | 16.40 | 0.00 |
| 0230 | 28.99 | 16.40 | 16.40 | 0.00 |
| 0300 | 29.99 | 16.35 | 16.35 | 0.00 |
| 0330 | 28.98 | 16.35 | 16.35 | 0.00 |
| 0400 | 16.98 | 16.35 | 16.35 | 0.00 |
| 0430 | 16.96 | 16.05 | 16.05 | 0.00 |
| 0500 | 16.96 | 16.35 | 16.35 | 0.00 |
| 0530 | 15.80 | 16.35 | 16.35 | 0.00 |
| 0600 | 15.50 | 16.40 | 16.40 | 0.00 |
| 0630 | 15.89 | 18.30 | 18.19 | 1.13 |
| 0700 | 15.91 | 18.30 | 18.19 | 1.13 |
| 0730 | 17.02 | 19.94 | 19.83 | 1.13 |
| 0800 | 23.96 | 34.40 | 34.30 | 1.13 |
| 0830 | 22.36 | 24.01 | 23.91 | 1.13 |
| 0900 | 23.99 | 37.19 | 37.09 | 1.13 |
| 0930 | 54.92 | 37.62 | 37.52 | 1.13 |
| 1000 | 54.92 | 45.20 | 45.11 | 1.13 |
| 1030 | 29.09 | 45.20 | 45.11 | 1.13 |
| 1100 | 25.08 | 40.42 | 40.33 | 1.13 |
| 1130 | 25.09 | 38.36 | 38.27 | 1.13 |
| 1200 | 51.03 | 45.19 | 45.10 | 1.13 |
| 1230 | 51.03 | 45.18 | 45.09 | 1.13 |
| 1300 | 31.86 | 40.40 | 40.30 | 1.13 |
| 1330 | 25.82 | 37.58 | 37.49 | 1.13 |
| 1400 | 25.82 | 34.99 | 34.88 | 1.13 |
| 1430 | 25.82 | 34.99 | 34.88 | 1.13 |
| 1500 | 25.82 | 34.99 | 34.88 | 1.13 |
| 1530 | 22.36 | 34.38 | 34.27 | 1.13 |
| 1600 | 19.65 | 34.40 | 34.30 | 1.13 |
| 1630 | 19.65 | 34.99 | 34.88 | 1.13 |
| 1700 | 19.65 | 35.00 | 34.90 | 1.13 |
| 1730 | 54.91 | 38.95 | 38.86 | 1.13 |
| 1800 | 54.91 | 45.29 | 45.22 | 1.13 |
| 1830 | 30.71 | 49.41 | 48.38 | 1.13 |
| 1900 | 30.71 | 49.42 | 49.39 | 1.13 |
| 1930 | 30.71 | 49.32 | 49.35 | 1.13 |
| 2000 | 30.71 | 48.28 | 48.18 | 1.13 |
| 2030 | 54.91 | 39.18 | 39.08 | 1.13 |
| 2100 | 54.91 | 30.15 | 30.04 | 1.13 |
| 2130 | 30.98 | 34.40 | 34.29 | 1.13 |
| 2200 | 30.96 | 18.30 | 18.19 | 1.13 |
| 2230 | 30.96 | 18.55 | 18.44 | 1.13 |
| 2300 | 30.96 | 16.35 | 16.36 | 0.00 |
| 2330 | 30.96 | 16.50 | 16.30 | 0.00 |
| 2400 | 14.97 | 16.05 | 16.05 | 0.00 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. The Transmission Services Use of System Price (TSP) is charged by the National Grid Company plc (NGC) for the operation and development [illegible] of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool and on TSP on behalf of NGC by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0116 245 6788 between 8.00am and 6.15pm Monday to Friday.
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## COMMODITIES & AGRICULTURE

**COPPER** TWO-YEAR STRUGGLE IN DISARRAY

# ZCCM sale negotiations break down

**By Kenneth Gooding, Mining Correspondent**

Zambia's two-year struggle to revitalise its ailing copper industry seemed to be in complete disarray yesterday after the collapse of negotiations for the sale of Zambia Consolidated Copper Mines' two biggest divisions.

The divisions, Nkana and Nchanga, account for two-thirds of ZCCM's output. In turn, ZCCM is responsible for 90 per cent of Zambia's foreign earnings and 25 per cent of its gross domestic product as well as being its biggest employer.

For more than a year, the government had been negotiating the sale with the Kafue consortium, which includes Avmin of South Africa, the Commonwealth Development Corporation (the UK development finance institution), Noranda of Canada and Phelps Dodge of the US. The breaking point appeared to be the price the consortium was willing to pay in view of current copper prices, which have dropped 30 per cent in the past nine months.

Francis Kaunda, head of ZCCM's negotiating team, said: "Although the breakdown of the negotiations was a major disappointment, the negotiating team has a duty to realise value for the assets." He said other companies had shown interest in the divisions and "we will soon open negotiations".

Analysts suggested ZCCM had little room for manoeuvre, however. Its total debt is estimated at $800m, of which about $200m is short-term debt to suppliers.

"The government is in no position to bargain," one analyst insisted. "It has not been spending money on the mines because it believed they would be privatised soon and the assets have been deteriorating. The valuation of the assets is changing rapidly, it is like trying to catch a falling knife to value them. Also, although these are reasonable ore bodies, they are underground, not on surface."

No official value has been put on Nkana and Nchanga but analysts speculated Kafue was willing to pay $250m and give a commitment to invest heavily to double annual output from 172,000 tonnes of copper.

Zambia's copper output has fallen from 720,000 tonnes in 1969 to little more than 300,000 tonnes.

The government was relying on Kafue to help reverse the trend. It has also run into difficulty with the $800m Konkola project.

Falconbridge of Canada pulled out of that project a week ago, mentioning lower copper prices. It was the third company to quit the Konkola venture but the remaining group, Zambia Copper Investments, a subsidiary of Anglo American Corporation of South Africa, said it would press on to complete a feasibility study.

In January, Ivanhoe Capital of Canada withdrew its bid for the Chambishi mine, citing the Asian economic crisis which had put pressure on commodity prices.

However, the government has sold the Chibuluma mine to a consortium led by Metorex, a small South African company, while the Binani Group of India bought ZCCM's Luanshya/Baluba mining complex and ZCCM's power division was sold to a consortium including National Grid and Midlands Power of the UK.

# IPE offers new locals fast track to trading

**By Samer Iskandar**

London's International Petroleum Exchange yesterday announced a new scheme to attract locals – self-employed floor traders – who feel their jobs on other exchanges are threatened by electronic trading.

The initiative was prompted by enquiries from locals at other exchanges. At least a dozen locals from the London International Financial Futures and Options Exchange are believed to have expressed interest in moving to the IPE.

The "fast-track" scheme takes account of traders' experience on other exchanges. Traders active for two of the past three years would be able to start trading, under supervision from an experienced IPE trader, after five days on the floor. New applicants typically spend 30 days on the floor before trading.

Last month, Liffe said it would introduce an electronic trading system capable of handling all its products before the end of 1999. Later this year, all Liffe's equity options will be moved to a £10m ($17m) electronic trading platform, Connect.

Analysts believe many open-outcry traders will find it difficult to make a living in an electronic environment, because the trading skills are different. Most locals base their strategies on observation of the trading floor.

Locals, who speculate with their own money, account for between one-quarter and one-third of total volumes. Liffe has more than 600 locals and Matif, the French derivatives exchange, has about 120.

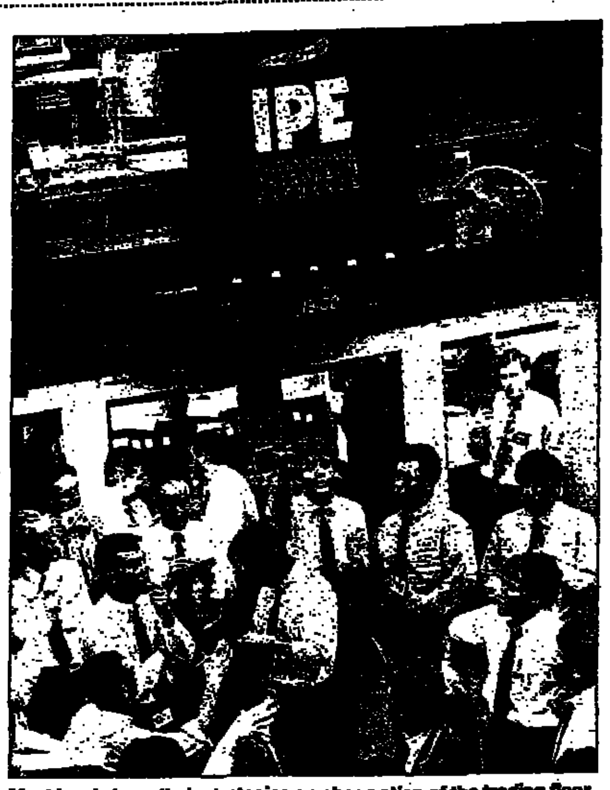
Open-outcry floor trading, until recently the favoured trading method of the world's largest derivatives exchanges, has suffered increasing pressure from cheaper electronic platforms.

Today, Matif becomes the first exchange to introduce electronic trading in parallel with open outcry. Locals and floor traders employed by banks in Paris have gone on strike repeatedly in recent months in protest at the computerisation plans.

Ironically, two months ago Liffe introduced a "fast-track" scheme similar to the IPE's. At the time, Liffe was aiming to lure French locals to its trading floor. Liffe announced its computerisation plans less than a month after offering about 20 French locals the opportunity to qualify for its fast-track programme from Paris.

The surge of interest in the IPE from locals and other floor traders follows the exchange's decision earlier this year to retain open outcry as the main trading method for the most actively traded products – futures contracts on Brent crude and gas oil. Electronic trading would be developed, but only for after-hours dealing.

Last month, trading on the IPE reached a record daily average of 83,380 contracts. Oil contracts traded an underlying volume of more than 75m barrels a day, equivalent to world consumption.



Most locals base their strategies on observation of the trading floor

# 'Last chance' to restore Opec's credibility

**By Gary Mead**

The Organisation of Petroleum Exporting Countries has its "last chance" to restore its credibility, according to Erwin Arrieta, Venezuela's energy minister and one of the architects of this week's agreement to cut global oil production by 1.5m barrels a day.

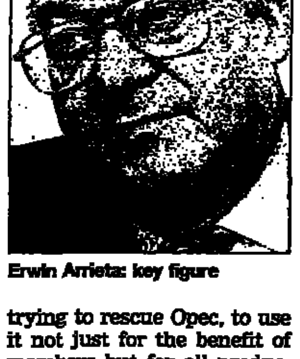
"It's the last opportunity for the entire energy community, not just Opec. All of us were Pinocchios, including Venezuela, lying to each other. If we don't convince people then everyone will simply go after their own interests . . . and there will be a collapse." Mr Arrieta told the Financial Times in London yesterday.

Mr Arrieta was a key figure in the meeting in Vienna that this week ratified an agreement between Opec and non-Opec members – reached initially in Riyadh on March 22 – to restrain global oil production from April 1 until the year-end.

The pact was a last-ditch effort to prevent further collapse in international crude oil prices, which slipped 40 per cent between last November and mid-March, in part due to Opec's decision at Jakarta in November to raise its quotas by 10 per cent, to 27.5m b/d.

Mr Arrieta, Venezuela's energy minister for the past four years, said expanding the cartel's reach to encompass non-Opec members meant it was now on a much surer footing.

"Opec was going to die but it isn't now. Riyadh was about arriving at a solution to the present crisis, but we have a long-term as well as short-term problem. We are trying to rescue Opec, to use it not just for the benefit of members but for all producers and consumers," he said.



Erwin Arrieta: key figure

Mr Arrieta dismissed the suggestion that it was "quota-busters" such as Venezuela who bore responsibility for collapsing oil prices and Opec's consequent internal disarray.

In January, Luis Giusti, president of Petroleos de Venezuela, said the state-owned oil company was producing an average of 3.6m b/d, 42 per cent above the quota agreed last November. Instead, Mr Arrieta blamed unnamed "speculators," accusing them of price manipulation.

Under the Vienna agreement, Venezuela will cut 200,000 b/d from its current production level, which is far above the November quota figure. But Mr Arrieta rejected the idea that Vienna represented a victory for Venezuela's stubbornness.

"Forget about quotas, that's history. There is no quota any longer. And it's not a matter of a victory for Venezuela. What we have now is a win-win agreement," he said.

"Since 1983, people have not been observing their quota limits. We consider that there will be new commercial opportunities where there will be room for everybody. In our own back yard, Brazil has in two years doubled its hydrocarbon demand from Venezuela. We want to see Opec used as a forum to discuss these opportunities, not just set quotas."

But if there are no longer any quotas, there is at least a pact to cut production – if only until the end of 1998.

Why should the market believe that what Mr Arrieta calls "a conference of Pinocchios" will be able to deliver on this, any more than on quotas? "In our case, you have to believe us because we cannot pump one single barrel more," he said.

# Fall in coffee trading volumes

**MARKETS REPORT**

**By Gary Mead and Kenneth Gooding**

The volume of robusta coffee futures traded on the London International Financial Futures Exchange in the first quarter of 1998 fell by more than 30 per cent, to 315,293, against 459,478 for the same period in 1997, according to figures published by Liffe yesterday.

Cocoa futures' volume was only slightly down, at 479,771 lots, against 489,855 lots during January-March 1997; white sugar contracts were substantially higher, with 248,769 lots traded, against 132,383 last year.

Despite this year's relative low volumes so far, coffee shone yesterday. The May contract closed $24 higher at $1,841 a tonne, with the rise fuelled by renewed investment fund buying. May cocoa initially fell to a four-week low of £1,049, but recovered to finish down £3, at £1,052 a tonne.

On London's International Petroleum Exchange, Brent crude for May delivery was 36 cents up in late trading, at $14.29 a barrel; analysts said the markets were gaining confidence that the recently agreed production cut might hold, but it would do no more than stabilise prices at the current level.

Aluminium fell to its lowest for 17 months on the London Metal Exchange and some analysts suggested it could go lower quickly. Aluminium for three-month delivery dropped to $1,394 a tonne before recovering somewhat to end the day down $6 at $1,409.

Raju Daswani, at Metal Bulletin Research, said: "The situation in Asia makes things pretty bleak." Prices could fall below $1,300 a tonne before recovering in the second half.

## COMMODITIES PRICES

## BASE METALS

### LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

**ALUMINIUM, 99.7 PURITY ($ per tonne)**

| | Cash | 3 mths |
|---|---|---|
| Close | 1380.5-81.5 | 1407-8 |
| Previous | 1393.5-4.5 | 1421-2 |
| High/low | | 1449/1415 |
| AM Official | 1380-81 | 1406.5-7.0 |
| Kerb close | | 1414-15 |
| Open int. | 252,978 | |
| Total daily turnover | 114,553 | |

**ALUMINIUM ALLOY ($ per tonne)**

| | Cash | 3 mths |
|---|---|---|
| Close | 1250-55 | 1275-80 |
| Previous | 1258-63 | 1285-90 |
| High/low | | 1302/1283 |
| AM Official | 1248-53 | 1275-77 |
| Kerb close | | 1288-90 |
| Open int. | 5,388 | |
| Total daily turnover | 929 | |

**LEAD ($ per tonne)**

| | Cash | 3 mths |
|---|---|---|
| Close | 576.5-78.5 | 576.5-7.5 |
| Previous | 575-6 | 5540-45 |
| High/low | | 578/568 |
| AM Official | 573-4 | 573-4 |
| Kerb close | | 575-76 |
| Open int. | 36,318 | |
| Total daily turnover | 7,849 | |

**NICKEL ($ per tonne)**

| | Cash | 3 mths |
|---|---|---|
| Close | 5350-60 | 5445-50 |
| Previous | 5445-55 | 5540-45 |
| High/low | | 5590/5530 |
| AM Official | 5345-55 | 5440-45 |
| Kerb close | | 5530-35 |
| Open int. | 51,891 | |
| Total daily turnover | 13,251 | |

**TIN ($ per tonne)**

| | Cash | 3 mths |
|---|---|---|
| Close | 5695-705 | 5640-50 |
| Previous | 5660-70 | 5630-40 |
| High/low | | 5650/5625 |
| AM Official | 5675-85 | 5635-40 |
| Kerb close | | 5640-45 |
| Open int. | 17,877 | |
| Total daily turnover | 6,363 | |

**ZINC, special high grade ($ per tonne)**

| | Cash | 3 mths |
|---|---|---|
| Close | 1091.5-92.5 | 1114-15 |
| Previous | 1068-9 | 1091-2 |
| High/low | | 1105/1085 |
| AM Official | 1078-8.5 | 1101-2 |
| Kerb close | | 1094-95 |
| Open int. | 79,738 | |
| Total daily turnover | 20,198 | |

**COPPER, grade A ($ per tonne)**

| | Cash | 3 mths |
|---|---|---|
| Close | 1685.5-6.5 | 1712-13 |
| Previous | 1705-6 | 1732-3 |
| High/low | | 1775/1728 |
| AM Official | 1691-1.5 | 1718-9 |
| Kerb close | | 1730-31 |
| Open int. | 163,740 | |
| Total daily turnover | 75,802 | |

**LME AM Official £/$ rate: 1.6687**
**LME Closing £/$ rate: 1.6745**

Spot: 1.6683 3 mths: 1.6612 6 mths: 1.6527 9 mths: 1.6466

**HIGH GRADE COPPER (COMEX)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Apr | 76.50 | +0.35 | 76.85 | 76.15 | 1,057 | 1,953 |
| May | 76.95 | +0.25 | 77.30 | 76.50 | 17,912 | 26,685 |
| Jun | 77.20 | +0.05 | 77.30 | 77.10 | 66 | 2,420 |
| Jul | 77.70 | +0.15 | 77.90 | 77.30 | 2,055 | 11,345 |
| Aug | 78.20 | +0.35 | 78.30 | 77.80 | 1 | 1,563 |
| Sep | 78.20 | +0.05 | 78.50 | 78.10 | - | 5,291 |
| Total | | | | | 22,537 | 68,322 |

## PRECIOUS METALS

**LONDON BULLION MARKET**

(Prices supplied by N M Rothschild)

| Gold(Troy oz) | $ price | £ equiv | SFr equiv |
|---|---|---|---|
| Close | 302.10-302.60 | | |
| Opening | 298.90-299.40 | | |
| Morning fix | 299.30 | 178.922 | 458.617 |
| Afternoon fix | 300.30 | 180.036 | 462.012 |
| Day's High | 303.00-303.30 | | |
| Day's Low | 298.70-299.00 | | |
| Previous close | 300.90-301.40 | | |

**Loco Ldn Mean Gold Lending Rates (Vs US$)**

1 month ...... 4.06   6 months ...... 3.91
2 months ...... 4.02   12 months ...... 3.72
3 months ...... 4.01

| Silver Fix | p/troy oz. | US cts equiv. |
|---|---|---|
| Spot | 385.70 | 645.40 |
| 3 months | 386.35 | 643.75 |
| 6 months | 387.05 | 642.10 |
| 1 year | 388.10 | 638.85 |

| Gold Coins | $ price | £ equiv. |
|---|---|---|
| Krugerrand | 300-303 | 180-182 |
| Maple Leaf | - | - |
| New Sovereign | 70-74 | 42-44 |

## Precious Metals continued

**GOLD COMEX (100 Troy oz.; $/troy oz.)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Apr | 301.8 | +2.3 | 303.0 | 299.0 | 431 | 1,259 |
| Jun | 304.4 | +2.5 | 305.4 | 301.2 | 28,002 | 80,328 |
| Aug | 306.4 | +2.4 | 307.2 | 303.5 | 175 | 7,577 |
| Oct | 308.2 | +0.2 | - | - | 1,010 | 5,154 |
| Dec | 311.0 | +3.0 | 311.4 | 307.8 | - | 16,181 |
| Feb | 310.2 | +0.4 | - | - | 30 | - |
| Total | | | | | 30,474 | 161,774 |

**PLATINUM NYMEX (50 Troy oz.; $/troy oz.)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Apr | 407.0 | -2.5 | 410.0 | 406.0 | 1,173 | 1,817 |
| Jul | 402.5 | -2.0 | 403.8 | 398.0 | 2,372 | 11,218 |
| Oct | 398.0 | -3.0 | 398.0 | 398.0 | 17 | 474 |
| Jan | 402.0 | - | - | - | 16 | - |
| Total | | | | | 3,586 | 13,467 |

**PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Jun | 259.50 | -1.00 | 262.50 | 259.50 | 255 | 4,644 |
| Sep | 254.00 | -0.50 | 254.00 | 254.00 | 13 | - |
| Total | | | | | 268 | 5,367 |

**SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 653.5 | +20.5 | 657.0 | 630.0 | 12,607 | 45,059 |
| Jul | 656.0 | +22.8 | 658.0 | 635.0 | 649 | 16,562 |
| Sep | 655.0 | +22.9 | 656.0 | 640.0 | 22 | 5,224 |
| Dec | 650.0 | +19.0 | 655.0 | 631.0 | 101 | 10,933 |
| Jan | 630.6 | - | - | - | - | 15 |
| Mar | 629.0 | - | - | 629.5 | 52 | 2,380 |
| Total | | | | | 13,418 | 87,361 |

## ENERGY

**CRUDE OIL NYMEX (1,000 barrels, $/barrel)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 15.68 | +0.14 | 15.80 | 15.57 | 60,874 | 102k |
| Jun | 15.98 | +0.12 | 16.10 | 15.86 | 26,918 | 81,119 |
| Jul | 16.25 | +0.10 | 16.34 | 16.18 | 8,254 | 42,851 |
| Aug | 16.50 | +0.10 | 16.60 | 16.46 | 3,442 | 24,078 |
| Sep | 16.73 | +0.12 | 16.81 | 16.70 | 2,847 | 23,296 |
| Oct | 16.90 | +0.12 | 16.95 | 16.92 | 2,340 | 16,186 |
| Total | | | | | 126,572 | 468,808 |

**CRUDE OIL IPE ($/barrel)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 14.22 | +0.29 | 14.34 | 14.17 | 12,250 | 56,470 |
| Jun | 14.52 | +0.23 | 14.65 | 14.48 | 9,911 | 57,938 |
| Jul | 14.82 | +0.17 | 14.92 | 14.76 | 4,366 | 18,950 |
| Aug | 15.09 | +0.17 | 15.18 | 15.02 | 1,533 | 14,119 |
| Sep | 15.32 | +0.22 | 15.40 | 15.27 | 835 | 11,755 |
| Oct | 15.54 | +0.26 | 15.62 | 15.50 | 877 | 9,049 |
| Total | | | | | n/a | n/a |

**HEATING OIL NYMEX (42,000 US galls.; c/US galls.)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 43.45 | +0.27 | 43.80 | 43.20 | 12,599 | 49,334 |
| Jun | 44.10 | +0.27 | 44.40 | 43.80 | 5,279 | 23,384 |
| Jul | 44.95 | +0.27 | 45.25 | 44.95 | 1,382 | 17,400 |
| Aug | 45.75 | +0.12 | 46.30 | 45.75 | 718 | 12,712 |
| Sep | 47.30 | +0.62 | 47.30 | 47.20 | 252 | 11,100 |
| Oct | 48.30 | +0.57 | 48.30 | 48.30 | 421 | 6,782 |
| Total | | | | | 27,913 | 177,808 |

**GAS OIL IPE ($/tonne)**

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Apr | 132.00 | +0.75 | 133.00 | 131.50 | 4,948 | 22,525 |
| May | 134.50 | +0.75 | 135.25 | 133.75 | 3,495 | 23,340 |
| Jun | 136.50 | +0.50 | 137.25 | 136.25 | 1,361 | 19,044 |
| Jul | 139.50 | +0.50 | 140.00 | 139.50 | 192 | 9,574 |
| Aug | 142.50 | +0.50 | 143.00 | 142.50 | 199 | 8,789 |
| Sep | 145.50 | - | 145.75 | 145.00 | 773 | 9,549 |
| Total | | | | | 12,000 | 144,431 |

**NATURAL GAS IPE (1,000 therms; pence per therm)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 8.650 | +0.120 | 8.650 | 8.580 | 240 | 1,950 |
| Jun | 8.590 | +0.130 | 8.590 | 8.500 | 125 | 1,915 |
| Total | | | | | 2,376 | 10,086 |

**NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 2.545 | - | 2.550 | 2.465 | 44,467 | 50,901 |
| Jun | 2.580 | +0.079 | 2.580 | 2.500 | 16,353 | 21,436 |
| Jul | 2.590 | +0.057 | 2.590 | 2.515 | 8,703 | 17,416 |
| Aug | 2.585 | +0.040 | 2.600 | 2.525 | 4,146 | 15,283 |
| Sep | 2.580 | +0.029 | 2.580 | 2.530 | 4,572 | 11,744 |
| Oct | 2.590 | +0.042 | 2.590 | 2.540 | 3,488 | 11,922 |
| Total | | | | | 93,678 | 232,944 |

**UNLEADED GASOLINE NYMEX (42,000 US galls., c/US galls.)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 51.25 | +0.07 | 51.65 | 50.95 | 18,805 | 44,977 |
| Jun | 52.20 | +0.09 | 52.50 | 51.95 | 6,359 | 19,607 |
| Jul | 52.50 | -0.08 | 53.50 | 52.45 | 2,148 | 13,126 |
| Aug | 52.90 | +0.27 | 53.05 | 52.90 | 1,440 | 7,128 |
| Sep | 52.60 | +0.32 | 52.60 | 52.60 | 475 | 8,841 |
| Oct | 51.40 | -0.88 | 51.40 | 51.40 | 63 | 3,616 |
| Total | | | | | 27,838 | 103,833 |

## GRAINS AND OIL SEEDS

**WHEAT LIFFE (100 tonnes; £ per tonne)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 74.25 | +1.50 | 74.00 | 73.00 | 64 | 2,083 |
| Jul | 76.25 | +1.50 | 76.25 | 75.00 | 147 | 1,449 |
| Sep | 76.20 | +1.10 | - | - | - | 134 |
| Nov | 78.20 | +1.10 | 78.20 | 77.50 | 205 | 2,984 |
| Jan | 80.20 | +0.90 | 80.00 | 80.00 | 50 | 506 |
| Total | | | | | 491 | 7,476 |

**WHEAT CBT (5,000bu min; cents/60lb bushel)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 314.75 | +0.25 | 317.25 | 312.50 | 8,167 | 39,852 |
| Jul | 324.50 | - | 327.25 | 322.50 | 13,749 | 48,542 |
| Sep | 333.00 | -0.25 | 334.00 | 331.50 | 740 | 6,863 |
| Dec | 346.00 | +0.75 | 348.00 | 343.75 | 2,139 | 13,059 |
| Mar | 356.00 | - | 355.00 | 354.00 | 82 | 1,226 |
| Jul | 353.00 | -2.00 | 353.00 | 353.00 | 11 | 7.8 |
| Total | | | | | 24,888 | 109,581 |

**MAIZE CBT (5,000 bu min; cents/56lb bushel)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 254.75 | +0.25 | 256.00 | 253.75 | 38,140 | 120,653 |
| Jul | 262.50 | +1.00 | 262.75 | 261.00 | 19,278 | 116,334 |
| Sep | 268.75 | +1.50 | 269.00 | 267.00 | 3,084 | 28,484 |
| Dec | 273.25 | +2.25 | 273.50 | 271.00 | 15,233 | 103,481 |
| Mar | 280.00 | +2.25 | 280.50 | 278.50 | 421 | 7,494 |
| May | 283.75 | +1.75 | 283.75 | 282.00 | 13 | 6.4.6 |
| Total | | | | | 76,262 | 389,699 |

**BARLEY LIFFE (100 tonnes; £ per tonne)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 73.50 | +0.75 | - | - | - | 229 |
| Sep | 73.50 | +0.75 | - | - | - | 12 |
| Nov | 75.50 | +0.75 | 75.00 | 75.00 | 8 | 501 |
| Jan | 77.50 | +0.75 | - | - | - | 94 |
| Mar | 79.50 | +0.75 | - | - | - | 1 |
| Total | | | | | 8 | 837 |

**SOYABEANS CBT (5,000bu min; cents/60lb bushel)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 642.00 | -1.25 | 645.50 | 640.50 | 27,862 | 68,508 |
| Jul | 643.00 | -1.50 | 646.00 | 642.00 | 10,406 | 45,197 |
| Aug | 641.00 | -1.75 | 644.00 | 639.50 | 1,502 | 9,688 |
| Sep | 624.00 | -4.00 | 629.00 | 624.00 | 323 | 1,744 |
| Nov | 615.50 | -4.75 | 621.00 | 614.50 | 5,375 | 31,671 |
| Jan | 622.00 | -4.50 | 626.50 | 622.00 | 183 | 1,128 |
| Total | | | | | 45,920 | 157,812 |

**SOYABEAN OIL CBT (60,000lbs; cents/lb)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 26.75 | -0.44 | 27.19 | 26.67 | 9,803 | 61,266 |
| Jul | 27.04 | -0.38 | 27.42 | 26.90 | 4,211 | 55,932 |
| Aug | 27.00 | -0.38 | 27.18 | 26.95 | 736 | 10,149 |
| Sep | 26.75 | -0.33 | 26.95 | 26.71 | 169 | 6,487 |
| Oct | 26.35 | -0.25 | 26.55 | 26.35 | 565 | 5,343 |
| Dec | 26.12 | -0.35 | 26.47 | 26.12 | 2,495 | 16,847 |
| Total | | | | | 17,781 | 156,602 |

**SOYABEAN MEAL CBT (100 tons; $/ton)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 164.0 | +0.1 | 164.9 | 162.9 | 11,835 | 50,015 |
| Jul | 166.1 | +0.7 | 166.9 | 165.1 | 5,514 | 37,821 |
| Aug | 167.6 | +0.5 | 168.2 | 167.2 | 1,009 | 14,094 |
| Sep | 168.4 | +0.3 | 169.0 | 167.7 | 395 | 10,976 |
| Oct | 168.2 | -0.2 | 168.8 | 168.0 | 569 | 4,980 |
| Dec | 171.3 | - | 171.7 | 170.8 | 1,881 | 13,392 |
| Total | | | | | 21,372 | 132,478 |

**POTATOES LIFFE (20 tonnes; £ per tonne)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Apr | 50.0 | -2.0 | 53.0 | 50.0 | 37 | 298 |
| May | 62.0 | +2.0 | 65.0 | 62.0 | 18 | 397 |
| Jun | 69.00 | - | - | - | - | - |
| Nov | 54.00 | - | - | - | - | - |
| Mar | - | - | - | - | - | - |
| Total | | | | | 94 | 1,083 |

**FREIGHT (BIFFEX) LIFFE ($10/index point)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Apr | 1020 | +10 | 1050 | 1020 | 106 | 590 |
| May | 1035 | +10 | 1045 | 1030 | 35 | 270 |
| Jul | 985 | +20 | 985 | 955 | 19 | 319 |
| Oct | 1105 | +20 | - | - | - | 131 |
| Jan | 1100 | +20 | - | - | - | 58 |
| Total | | | | | 167 | 1,368 |

| | Close | Prev |
|---|---|---|
| BFI | 958 | n/a |

## PULP AND PAPER

**PULPEX OMLX (US$: 24 air dry tons)**

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Jun | 527.50 | -1.75 | 529.50 | 527.50 | 20 | 473 |
| Sep | 551.00 | -1.00 | 551.00 | 549.50 | 12 | 226 |
| Total | | | | | 34 | 757 |

**FUTURES DATA**

*All futures data supplied by CMS.*

**Wool** from Mallett & Co

Australia: offerings during the final week of auctions before the two week Easter recess were heavy. On the final day, April 2, the market looked steadier, with the eastern indicator unchanged at 614 cents a kg, 24 cents down on the week, and the western indicator up 7 cents to 556 cents, 12 cents down on the week. New Zealand: offerings of crossbred fleece wool were low. The indicator there was 7 cents down in the week, to 419 cents a kg. Weakness in the Australian and New Zealand dollars helped to emphasis these declines for most overseas buyers.

## SOFTS

**COCOA LIFFE (10 tonnes; £/tonne)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 1053 | -2 | 1060 | 1048 | 1,386 | 27,089 |
| Jul | 1070 | -3 | 1074 | 1065 | 1,525 | 16,632 |
| Sep | 1089 | -2 | 1093 | 1085 | 789 | 22,488 |
| Dec | 1111 | -1 | 1112 | 1107 | 1,479 | 28,741 |
| Mar | 1133 | -4 | 1136 | 1129 | 882 | 37,861 |
| Total | | | | | 7,237 | 166,229 |

**COCOA CSCE (10 tonnes; $/tonnes)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 1630 | +4 | 1636 | 1620 | 4,389 | 19,206 |
| Jul | 1649 | +3 | 1656 | 1641 | 1,900 | 18,893 |
| Sep | 1660 | -4 | 1664 | 1660 | 233 | 8,382 |
| Dec | 1691 | -1 | 1693 | 1691 | 474 | 14,269 |
| Mar | 1729 | +7 | 1729 | 1721 | 552 | 8,425 |
| May | 1761 | - | 1761 | 1761 | 436 | 4,158 |
| Total | | | | | 8,555 | 75,352 |

**COCOA (ICCO) (SDR's/tonne)**

| Apr 1 | Price | Prev. day |
|---|---|---|
| Daily | 1284.54 | 1294.97 |

**COFFEE LIFFE (5 tonnes; $/tonne)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 1840 | +23 | 1841 | 1785 | 2,097 | 21,419 |
| Jul | 1812 | +31 | 1813 | 1752 | 3,137 | 12,457 |
| Sep | 1778 | +28 | 1776 | 1721 | 302 | 3,526 |
| Nov | 1748 | +28 | 1735 | 1724 | 25 | 1,503 |
| Jan | 1718 | +28 | - | - | - | 112 |
| Mar | 1688 | - | - | - | - | 22 |
| Total | | | | | 5,581 | 39,639 |

**COFFEE 'C' CSCE (37,500lbs; cents/lbs)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 144.50 | +0.75 | 145.75 | 142.50 | 5,003 | 15,555 |
| Jul | 138.50 | +0.80 | 139.25 | 136.80 | 2,219 | 6,732 |
| Sep | 133.50 | - | 134.00 | 132.50 | 517 | 4,963 |
| Dec | 127.80 | -5.40 | 128.00 | 126.50 | 566 | 3,793 |
| Mar | 124.25 | -2.75 | 124.75 | 123.00 | 238 | 1,370 |
| May | 123.25 | -0.50 | 123.25 | 123.00 | 33 | 586 |
| Total | | | | | 8,587 | 33,180 |

**COFFEE (ICO) (US cents/pound)**

| Apr 1 | | Prev. day |
|---|---|---|
| Comp. daily | 120.11 | 121.86 |
| 15 day average | 119.92 | 119.95 |

**WHITE SUGAR LIFFE (50 tonnes; $/tonne)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 264.2 | -0.3 | 264.9 | 263.0 | 2,250 | 14,094 |
| Aug | 267.3 | -0.2 | 268.0 | 266.2 | 758 | 10,636 |
| Oct | 271.5 | +0.1 | 272.2 | 270.4 | 139 | 7,587 |
| Dec | 274.9 | +1.0 | 275.2 | 274.2 | 68 | 1,154 |
| Mar | 279.5 | +1.6 | 280.0 | 279.5 | 44 | 891 |
| May | 283.4 | - | 283.4 | 283.4 | 6 | 504 |
| Total | | | | | 3,414 | 35,868 |

**SUGAR '11' CSCE (112,000lbs; cents/lbs)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 9.90 | -0.05 | 10.00 | 9.85 | 14,810 | 56,711 |
| Jul | 9.65 | +0.03 | 9.69 | 9.55 | 5,674 | 46,543 |
| Oct | 9.90 | +0.05 | 9.91 | 9.82 | 1,494 | 43,848 |
| Mar | 10.23 | +0.04 | 10.23 | 10.15 | 987 | 16,745 |
| May | 10.25 | +0.01 | 10.29 | 10.25 | 121 | 2,469 |
| Jul | 10.22 | -0.08 | 10.22 | 10.22 | 33 | 3,475 |
| Total | | | | | 23,830 | 174,202 |

**COTTON NYCE (50,000lbs; cents/lbs)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 66.89 | -0.77 | 67.35 | 66.55 | 14,941 | 26,190 |
| Jul | 68.10 | -0.77 | 68.70 | 68.05 | 6,755 | 18,194 |
| Oct | 70.45 | -0.38 | 70.85 | 70.40 | 561 | 3,435 |
| Dec | 71.85 | -0.11 | 72.14 | 71.75 | 9,583 | 27,005 |
| Mar | 73.10 | -0.16 | 73.20 | 73.05 | 1,355 | 2,778 |
| May | 73.70 | -0.20 | 73.70 | 73.60 | 647 | 1,085 |
| Total | | | | | 38,981 | 279,67 |

**ORANGE JUICE NYCE (15,000lbs; cents/lbs)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 100.00 | -2.05 | 101.50 | 99.50 | 2,694 | 19,805 |
| Jul | 103.00 | -2.10 | 104.40 | 102.75 | 726 | 7,730 |
| Sep | 106.30 | -1.95 | 107.20 | 106.00 | 615 | 4,129 |
| Nov | 108.00 | -2.50 | 109.40 | 108.00 | 157 | 3,477 |
| Jan | 110.00 | -2.10 | 110.75 | 110.00 | 45 | 1,348 |
| Mar | 113.50 | - | 113.50 | 113.50 | - | 759 |
| Total | | | | | 4,917 | 37,384 |

**VOLUME DATA**

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

## INDICES

**Reuters (Base: 18/9/31 = 100)**

| Apr 2 | Apr 1 | month ago | year ago |
|---|---|---|---|
| 1658.9 | 1670.5 | 1695.9 | 1991.8 |

**CRB Futures (Base: 1967 = 100)**

| Apr 1 | Mar 31 | month ago | year ago |
|---|---|---|---|
| 226.03 | 226.85 | - | - |

**GSCI Spot (Base: 1970 = 100)**

| Apr 1 | Mar 31 | month ago | year ago |
|---|---|---|---|
| 165.43 | 166.72 | 164.95 | 191.36 |

**LME WAREHOUSE STOCKS (tonnes)**

| | | | |
|---|---|---|---|
| Aluminium | -2,100 | to | 543,650 |
| Aluminium alloy | +320 | to | 47,020 |
| Copper | +925 | to | 340,275 |
| Lead | -1,325 | to | 91,875 |
| Nickel | -42 | to | 64,658 |
| Zinc | +1,925 | to | 472,450 |
| Tin | -55 | to | 7,255 |

## MEAT AND LIVESTOCK

**LIVE CATTLE CME (40,000lbs; cents/lbs)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Apr | 65.450 | +0.825 | 65.900 | 64.225 | 12,921 | 25,633 |
| Jun | 67.800 | +0.925 | 68.100 | 66.500 | 12,004 | 39,310 |
| Aug | 68.500 | +0.775 | 68.600 | 67.850 | 2,561 | 15,938 |
| Oct | 68.975 | +0.600 | 69.250 | 68.225 | 1,085 | 9,975 |
| Dec | 69.800 | +0.500 | 70.075 | 69.250 | 252 | 3,237 |
| Feb | 71.250 | +0.450 | 71.250 | 71.050 | 31 | 1,101 |
| Total | | | | | 28,850 | 95,619 |

**LEAN HOGS CME (40,000lbs; cents/lbs)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Apr | 51.200 | -1.150 | 52.350 | 50.950 | 4,040 | 8,422 |
| Jun | 58.625 | -0.900 | 59.250 | 57.800 | 3,448 | 13,706 |
| Jul | 57.825 | -0.550 | 58.200 | 56.850 | 799 | 5,215 |
| Aug | 55.725 | -0.500 | 56.200 | 55.050 | 318 | 3,326 |
| Oct | 53.000 | -0.575 | 53.400 | 52.600 | 198 | 3,131 |
| Dec | 53.700 | -0.050 | 53.900 | 53.400 | 254 | 2,816 |
| Total | | | | | 9,071 | 37,340 |

**PORK BELLIES CME (40,000lbs; cents/lbs)**

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| May | 51.450 | -1.350 | 52.400 | 50.225 | 1,785 | 5,581 |
| Jul | 49.700 | -1.150 | 50.450 | 48.500 | 629 | 2,461 |
| Aug | 47.975 | -0.225 | 48.500 | 46.800 | 332 | 1,034 |
| Sep | 46.750 | - | 46.750 | 46.100 | 1 | 16 |
| Nov | 46.500 | - | 46.750 | 46.000 | 7 | 38 |
| Total | | | | | 2,748 | 9,130 |

## LONDON TRADED OPTIONS

| Strike price $ tonne | Calls | | Puts | |
|---|---|---|---|---|
| **ALUMINIUM (99.7%) LME** | May | Aug | May | Aug |
| 1350 | 61 | 100 | 10 | 23 |
| 1400 | 30 | 69 | 29 | 41 |
| 1450 | 11 | 46 | 60 | 66 |
| **COPPER (Grade A) LME** | May | Aug | May | Aug |
| 1600 | 116 | 158 | 13 | 37 |
| 1700 | 51 | 99 | 48 | 75 |
| 1800 | 17 | 57 | 113 | 131 |
| **COFFEE LIFFE** | Mar | May | Mar | May |
| 1000 | 55 | 84 | 2 | 14 |
| 1025 | 34 | 66 | 6 | 21 |
| 1050 | 18 | 51 | 15 | 31 |
| **COCOA LIFFE** | May | Jul | May | Jul |
| 975 | 78 | 103 | 1 | 8 |
| 1000 | 55 | 84 | 2 | 14 |
| 1025 | 34 | 66 | 6 | 21 |
| **BRENT CRUDE IPE** | May | Jun | May | Jun |
| 1450 | 20 | 75 | - | 66 |
| 1500 | 5 | - | - | - |
| 1550 | - | - | - | - |

## LONDON SPOT MARKETS

**CRUDE OIL FOB (per barrel)**

| | | +or- |
|---|---|---|
| Dubai | $11.99-2.05x | +0.015 |
| Brent Blend (dated) | $13.43-3.45 | -0.040 |
| Brent Blend (May) | $14.18-4.20 | +0.010 |
| W.T.I. | $15.60-5.62x | +0.075 |

**OIL PRODUCTS NWE prompt delivery CIF (tonne)**

| | | |
|---|---|---|
| Premium Gasoline | $158-160 | -1 |
| Gas Oil | $134-135 | +1 |
| Heavy Fuel Oil | $65-67 | +1 |
| Naphtha | $135-138 | -1 |
| Jet fuel | $140-142 | |
| Diesel | $139-140 | +1 |

**NATURAL GAS (Pence/therm)**

| | | |
|---|---|---|
| Bacton (Apr) | 8.600-8.700 | +0.05 |

*Petroleum Argus. Tel. London (0171) 359 8792*

**OTHER**

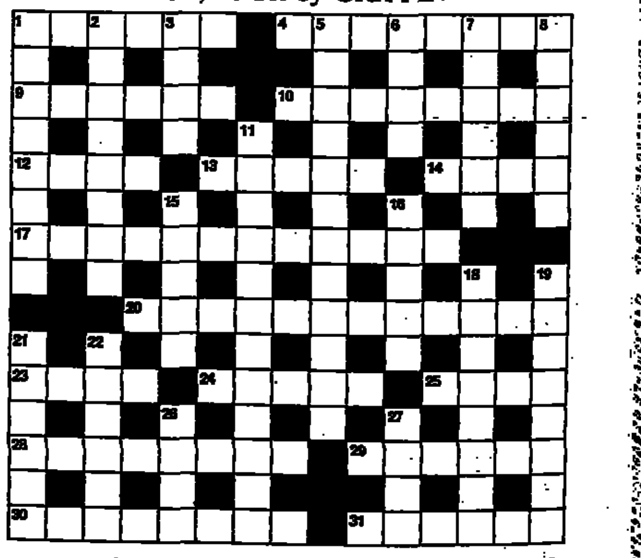
| | | |
|---|---|---|
| Gold (per troy oz)♣ | $302.35 | +1.20 |
| Silver (per troy oz)♣ | 658.50c | +16.00 |
| Platinum (per troy oz.) | $405.00 | -1.00 |
| Palladium (per troy oz.) | $272.00 | +1.50 |
| Copper | 84.0c | |
| Lead (US prod.) | 45.00c | |
| Tin (Kuala Lumpur) | 19.77r | |
| Tin (New York) | 269.5 | |
| Cattle (live weight) | 87.24p | +0.54* |
| Sheep (live weight) | 94.55p | -0.28* |
| Pigs (live weight)† | 70.16p | -2.32* |
| Lon. day sugar (raw) | $247.20 | -6.20 |
| Lon. day sugar (wte) | $263.50 | -7.10 |
| Barley (Eng. feed) | Unq | |
| Maize (US No3 Yellow) | £109.00 | |
| Wheat (US Dark North) | Unq | |
| Rubber (May)♥ | 47.50p | |
| Rubber (Jun)♥ | 48.50p | |
| Rubber (KL RSS No1) | 273.50m | +3.5 |
| Coconut Oil (Phil)§ | 587.5y | -2.5 |
| Palm Oil (Malay.)§ | 642.5 | -2.5 |
| Copra (Phil)§ | $370.0y | -7.5 |
| Soyabeans (US) | 173.0 | |
| Cotton Outlook'A' index | 67.50 | |
| Wooltops (64s Super) | 370p | |

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y May/Jun. z May. ♥London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on 4th head of pigs sold.

## JOTTER PAD

## CROSSWORD

No.9,648 Set by GRIFFIN



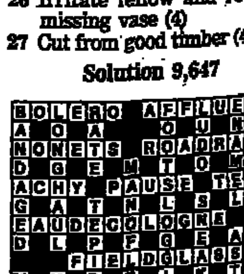
**ACROSS**

1 Way to get to water filter (6)
4 Waylaid and made to run round plant (8)
9 Capital columnist? (6)
10 Consistently changed details and said why (8)
12 Spotted reversing lorry back into customs (4)
13 A good loser from Southport? (5)
14 Footwear head office in the Kent area (4)
17 Firm making cane stool did collapse (12)
20 Lessens resolve in Biblical girl's barbarity (12)
23 Invoice man for pine (4)
24 Spar with fairy endlessly (5)
25 Assistant's novel idea (4)
28 August and April I'm travelling east in it (8)
29 Journey for a female in Indian dress (6)
30 Boy taking article to court with one's approval (8)
31 Caught man turning key forward (6)

**DOWN**

1 Filling this in for something to eat? (8)
2 Getting together to see friend in band (8)
3 Press on after Iris loses 50% (4)
5 Way off once it follows the Dr Hill method? (8,4)
6 Poison union leader before the fool gets up! (4)
7 Holyhead rowing crew's high place (6)
8 Poet it's dull to study (6)
11 Instrument that's just a pain to move round (7,5)
15 Money advanced to cover work returned is counterfeit (5)
16 Animal when held by a stake (5)
18 Unmarried engineer scoffed about politician (8)
19 Strangely enough it repays harshness (8)
21 Is bear bothered by hydrophobia? (6)
22 Feature work introduced by composer (6)
26 Irritate fellow and return missing vase (4)
27 Cut from good timber (4)

**Solution 9,647**



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Fall in coffee trading volumes

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Fidelity Currency Funds Ltd

### BERMUDA (REGULATED)(**)

### GUERNSEY (FSA RECOGNISED)

### GUERNSEY (REGULATED)(**)

Royal Bk of Canada O/S Fd Mgrs Ltd

### IRELAND (FSA RECOGNISED)

AIB Fund Management Ltd

Aberdeen Prolific International Fund Plc

Henderson Crosthwaite Investment Co

Lazard Investment Funds Ltd

Atlantis Korean Smaller Companies Fund

BT&T Asset Management (Ireland) Ltd

Bank of Ireland Unit Managers Ltd

Hanson Ireland Ltd

Irish Life International Global Funds Plc

John Hancock Funds Plc

Scottish Mutual Intl Fund Managers Ltd

Singer & Friedlander Closed Funds Plc

Skandia Select Fund Plc

Societe Generale Group

Scottish Value Management (Ireland) Ltd

Dragon Korea Fund Plc

Dresdner Kleinwort Benson Int Mgt Srv

EII Voyager Fund Plc



Singer & Friedlander Inv Funds Ltd (a)

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### ISLE OF MAN (FSA RECOGNISED)

### ISLE OF MAN (REGULATED)(**)

### JERSEY (FSA RECOGNISED)

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Prudential Fund Managers (Jersey) Ltd

Royal Bank of Scotland Fd Mgrs (Jersey) Ltd

Royal Bank of Scotland International Ltd

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Aberdeen Fund Mngrs (Luxembourg) Ltd (u)

4 Boulevard Royal L 2449 Luxembourg 00 352 227801

Aberdeen Atlas Funds

American Phoenix Investment Portfolios (u)

13 rue Goethe, L-1637 Luxembourg 00 352 40464211

BAII Asset Management Ltd

Fleming Group - Contd.

Fleming Flagship Series II (Daily Dealing)

Foreign & Colonial Emerging Markets Ltd (u)

Exchange Ho, Primrose St, Ldn, EC2A 2NY 0171-628 1234

F&C Emerging Markets

Foreign & Colonial Portfolios Fd Sicav(u)

47 Boulevard Royal, L-2449 Lux 00 352 4640151

Frontrunner I (u)

Mercury Asset Management - Contd.

Morgan Stanley Sicav

## LUXEMBOURG (REGULATED)(**)

Credit Suisse Asset Mgmt Funds - Contd.

Merrill Lynch Asset Management

Swiss Bank Corporation

Eagle Star Intl Life

## OFFSHORE INSURANCES

Aberdeen International Ltd

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Arisaig Partners (BVI) Ltd

Aristocrat Capital Management Ltd

Old Mutual International (Isle of Man) Ltd

PanEuroLife societe anonyme

Global Asset Management - Contd.

Jardine Fleming Unit Trusts Ltd - Contd.

OTHER OFFSHORE FUNDS

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## BREWERIES, PUBS & REST

## BUILDING MATS. & MERCHANTS

## CHEMICALS

## CONSTRUCTION

## CONSTRUCTION - Continued

## DISTRIBUTORS

## DIVERSIFIED INDUSTRIALS

## ELECTRICITY

## ELECTRONIC & ELECTRICAL EQPT

## ENGINEERING

## ENGINEERING - Continued



## ENGINEERING, VEHICLES

## EXTRACTIVE INDUSTRIES

## EXTRACTIVE INDUSTRIES - Continued

## FOOD PRODUCERS

## GAS DISTRIBUTION

## HEALTH CARE

## HEALTH CARE - Continued

## HOUSEHOLD GOODS & TEXT

## HOUSEHOLD GOODS & TEXT - Continued

## INSURANCE

## INVESTMENT TRUSTS

## INVESTMENT TRUSTS - Continued

## INV TRUSTS SPLIT CAPITAL

# LONDON SHARE SERVICE

## INV TRUSTS SPLIT CAPITAL - Continued

[illegible]

## OTHER INVESTMENT TRUSTS

The following investment trusts are not eligible for inclusion in the FTSE Actuaries Share Indices.

[illegible]

## INVESTMENT COMPANIES

[illegible]

## LEISURE & HOTELS

[illegible]

## LIFE ASSURANCE

[illegible]

## MEDIA

[illegible]

## MEDIA - Continued

[illegible]

## OIL, EXPLORATION & PRODUCTION

[illegible]

## OIL, INTEGRATED

[illegible]

## OTHER FINANCIAL

[illegible]

## PAPER, PACKAGING & PRINTING

[illegible]

## PHARMACEUTICALS

[illegible]

## PHARMACEUTICALS - Continued

[illegible]

## PROPERTY

[illegible]



## PROPERTY - Continued

[illegible]

## RETAILERS, FOOD

[illegible]

## RETAILERS, GENERAL

[illegible]

## RETAILERS, GENERAL - Continued

[illegible]

## SUPPORT SERVICES

[illegible]

## SUPPORT SERVICES - Continued

[illegible]

## TELECOMMUNICATIONS

[illegible]

## TOBACCO

[illegible]

## TRANSPORT

[illegible]

## TRANSPORT - Continued

[illegible]

## WATER

[illegible]

## AIM

[illegible]

## AIM - Continued

[illegible]

## AMERICANS

[illegible]

## CANADIANS

[illegible]

## SOUTH AFRICANS

[illegible]

## TRADED INDEX SECURITIES

[illegible]

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## LONDON STOCK EXCHANGE

# Late burst of strength sees Footsie at new record

**MARKET REPORT**

By Steve Thompson, UK Stock Market Editor

The FTSE 100 index suddenly took off late in the day to close at record intra-day and closing highs, establishing itself comfortably above the 6,000 level.

That late move, which dealers regarded with a measure of scepticism, came during the last 10 to 15 minutes of the trading session, when most of the big institutional bids and offers were being withdrawn from the order book. It allowed Footsie to steal the limelight from the market's second-liners and smallcap stocks.

The FTSE 250 and SmallCap indices spent much of the session attacking new highs as some of the steam blew off the front-line stocks.

But other dealers pointed to Wall Street's latest strong performance as being behind the London market's move to a new record.

Wall Street came in higher yesterday and threatened its all-time record not long into the US trading session, when the Dow Jones Industrial Average was up around 50 points. And gilts gave good solid support to the equity market, with the 20-year issue up well over a point at the close.

Earlier in the day, the market leaders had been pulled in both directions, with news of a bid approach to Courtaulds, the chemicals group, helping to boost confidence generally and driving the FTSE 250 sharply higher.

Further support came from Wednesday's strong finish in New York, where the Dow gained 68 points.

The Confederation of British Industry's March survey of distributive trades pointed to a marked slowdown in high street retail sales and went some way to calming the market's worries that a rise in UK interest rates might be on the cards.

The monetary policy committee meets next Wednesday and is known to have been split down the middle, four-four, at the February meeting which left rates on hold.

Eddie George, governor of the Bank of England, said before he delivered his testimony to the Treasury select committee that it remained a "fine balance" whether interest rates had been raised enough to avoid inflation picking up.

On the downside was a generally poor showing by Asian markets, where Tokyo closed down 3 per cent after a depressed domestic survey of the Japanese economy, and where the Hong Kong market dipped almost 2 per cent.

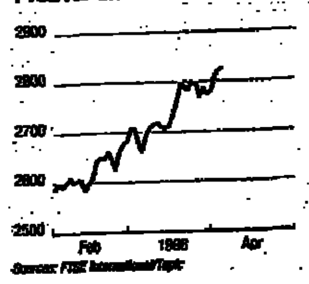
At the close, the FTSE 100 had gained 35.2 to 6,052.8, a new intra-day and closing high. At its worst, during a rather nervous morning session, the index had fallen 13.7 to 6,003.9, and threatened to slip below the 6,000 mark.

News of the slowdown in retail sales during last month began to have an impact in the market, however, as did the prospect of a bid battle building up over Courtaulds, where dealers said any number of potential bidders could be preparing to line up.

The FTSE 250 settled 10.0 higher at a record close of 5,544.0, having peaked at 5,548.0. The FTSE SmallCap, meanwhile, ended the day 2.6 up at 2,637.3, just failing to penetrate its previous record.

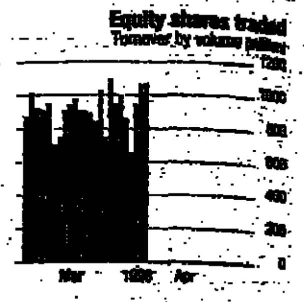
Turnover in equities reached 1.08bn shares.

**FTSE All-Share Index**




Source: FTSE International/Topic

**Equity shares traded**
Turnover by volume (million)




**Indices and ratios**

| | | | | | |
|---|---|---|---|---|---|
| FTSE 100 | 6052.8 | +35.2 | FT 30 | 3839.1 | +22.7 |
| FTSE 250 | 5544.8 | +10.0 | FTSE Non-Fins p/e | 23.07 | 22.81 |
| FTSE 350 | 2901.3 | +14.8 | FTSE 100 Fut Jun | 6108.0 | -2.0 |
| FTSE All-Share | 2826.98 | +13.65 | 10 yr Gilt yield | 5.88 | 5.98 |
| FTSE All-Share yield | 2.75 | 2.77 | Long gilt/equity yld ratio | 2.17 | 2.15 |

**Best performing sectors**
1 Pharmaceuticals +2.3
2 Food Producers +2.1
3 Household Goods & Text +2.0
4 Consumer Goods +1.3
5 Oil: Integrated +1.3

**Worst performing sectors**
1 Tobacco -4.7
2 Diversified Inds -1.5
3 Health Care -1.4
4 Insurance -0.9
5 Leisure & Hotels -0.6

# Takeover hopes lift chemicals

**COMPANIES REPORT**

By Peter John and Martin Brice

Courtaulds jumped sharply as the company confirmed it was in bid talks.

The chemicals company, which is on the point of demerging, refused to identify the bidder. But informed comment pointed to Akzo Nobel of the Netherlands. One newspaper was indicating a bid at 450p a share or £1.6bn.

The approach continues the sector consolidation that began with the acquisition of Holliday Chemicals by Yule Catto last year and continued with the bids for Allied Colloids and Manders. It was seen yesterday as the opening shot in a bid battle that could take the shares all the way to 700p.

Analysts said Courtaulds' managers would lose face if they accepted a bid at the indicated price. It would ensure a near 25 per cent erosion of shareholder value since the stock peaked after the original demerger of Courtaulds Textiles seven years ago.

It was argued that paints companies such as ICI and PPG of the US might want to get their hands on Courtaulds' coatings business. One more lateral view had US groups DuPont and Dow Chemical potentially tempted to flex muscle in Europe.

Martin Evans of Sutherlands said: "Courtaulds is worth not what the UK market thinks but what a predator is prepared to pay to buy strategic assets."

He added that if a bid war broke out, US arbitrageurs would be likely to buy heavily.

Peter Cartwright of Williams de Broe thought if Akzo was the potential bidder it might merely be trying to pre-empt another offer. "ICI is under-geared by up to £2bn," he said.

Courtaulds shares closed 67½ higher at 456¼p on volume of 9.2m. Akzo rose FL 2.80 to FL 418.70.

The speculation set the whole sector alight. Inspec rose 14½ to 252p and Laporte 20 to 831½p.

An oil company battle is developing at the bottom of the Footsie, as the slide in the underlying crude price sends the exploration and production companies into the relegation zone.

At yesterday's close of play, Enterprise Oil was 5 lower at 530p.

Consequently, it is now the market's 103rd largest company with a capitalisation of £2.639bn. More significantly, it has fallen behind Lasmo, which rose 8 to 274p, taking its capitalisation to £2.647bn, making it the market's 100th largest stock.

If either of the two stocks falls below 110 in the rankings by the next quarterly review, it automatically leaves the index.

On the other hand, Burmah-Castrol improved 21 to £12.45, following its fourth straight rise in a row. That left it with a market valuation of £2.646bn, number 101 in the rankings.

However, having left the Footsie, it has to climb back above 90 in the rankings to return.

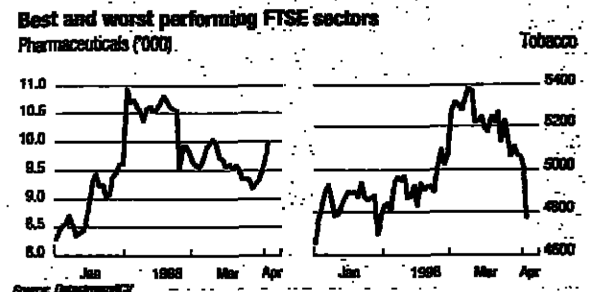
ICI shed more than 20 in early trade as Dresdner Kleinwort Benson became the latest broker to cut its current year forecast.

Brokers have been slicing their numbers over the past week as they take account of the stark rise in sterling, particularly against the D-Mark, and its effect on overseas earnings.

The range had fallen from between £550m and £600m to between £500m and £550m. But Kleinwort, historically at the bottom of the pack, moved from £525m to £480m.

However, the stock recovered shortly before the close as ICI began a global conference call to discuss its two recent acquisitions as well as yesterday's disposal. The stock closed flat at £11.25.

**Best and worst performing FTSE sectors**
Pharmaceuticals ('000) — Tobacco




Source: Datastream/ICV

## BP rebounds

BP rebounded 18 to 883p after Credit Lyonnais Laing set a 12-month price target of £11 for the stock. The broker said BP was underrated relative to others in the sector and predicted the company would announce ambitious performance targets next week in its annual review.

"Even at £11 a share for 1999 the shares will only be trading at a market multiple, which is not commensurate with a stock that should be trading at a premium," said Lehman. Lehman said the Opec agreement would provide a floor to prices the basis for a more balanced supply/demand situation next year. Shell Transport was up 1¾ at 448¾p.

Lower down the scale, Soco International, the independent UK explorer which floated last year, recovered from last week's badly handled sell order as it announced preliminary figures. There was no new information on its Mongolian drilling but analysts expect some news within the next couple of months. The shares gained 9½ to 292½p.

Glaxo Wellcome received a boost from Lehman Brothers after the broker put an £18 a share price tag on the stock. Following talks with the company in the US, Lehman is looking for earnings growth above 15 per cent and double-digit US market growth. The shares rose 51 to £17.31.

Energis sparked 106 higher to 665p after the telecoms group announced an alliance with Deutsche Telecom and France Telecom to build telecom networks in British cities.

National Grid which still owns around half of Energis after spinning off part of its stake at 290p last year, was the best performer in the Footsie with a rise of 25½ to 388½.

The board changes at British Aerospace prompted an immediate and positive share price reaction, with the stock rising 20p on hopes the moves would hasten the long-awaited consolidation in the European defence industry.

Speculation of a tie-up was given a boost by the recent disposal of the stake in Orange, while the appointment of Richard Lapthorne as vice chairman of BAe, with responsibility for strategy and planning, was highlighted as further evidence that corporate activity was high on the company's agenda.

In later trading, the shares surrendered their advances and closed unchanged at £19.75. Orange was down 5 at 401p. GEC was also unchanged, at 462p.

GKN advanced as speculation mounted that the consortium of which the company was a member had won the $6bn contract to build the MRAV, or "battlefield taxi".

A story circulated that the German government was lining up an announcement. In the event no announcement was forthcoming and the shares closed up 15 at £16.10.

## FT 30 INDEX

| | Apr 2 | Apr 1 | Mar 31 | Mar 30 | Mar 27 | Yr ago | *High | *Low |
|---|---|---|---|---|---|---|---|---|
| FT 30 | 3839.1 | 3816.4 | 3786.1 | 3750.3 | 3768.7 | 2801.5 | 3839.1 | 3816.2 |
| Ord. div. yield | 2.88 | 2.89 | 2.93 | 2.95 | 2.94 | 3.96 | 4.22 | 2.86 |
| P/E ratio net | 24.82 | 24.56 | 24.21 | 24.05 | 24.16 | 16.76 | 24.82 | 15.80 |
| P/E ratio nil | 24.60 | 24.34 | 24.00 | 23.84 | 23.94 | 16.58 | 24.60 | 15.71 |

FT 30 since compilation: high 3816.4 01/04/98, low 49.4 26/06/40 Base Date: 1/7/35.

**FT 30 hourly changes**

| Open | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | High | Low |
|---|---|---|---|---|---|---|---|---|---|---|
| 3817.4 | 3846.1 | 3855.3 | 3854.0 | 3842.9 | 3842.1 | 3840.6 | 3844.1 | 3848.3 | 3860.5 | 3816.2 |



## STOCK MARKET TRADING DATA

| | Apr 2 | Apr 1 | Mar 31 | Mar 30 | Mar 27 | Yr ago |
|---|---|---|---|---|---|---|
| SEAQ bargains | 87,895 | 84,124 | 79,032 | 79,977 | 77,102 | na |
| Equity turnover (£m)† | - | 3418.1 | 3489.3 | 2907.2 | 3350.3 | na |
| Equity bargains† | - | 67,017 | 65,610 | 67,818 | 69,641 | na |
| Shares traded (m)† | - | 842.8 | 946.7 | 738.3 | 836.3 | na |
| Total market bargains‡ | - | 81,584 | 80,763 | 83,056 | 81,519 | na |
| Total turnover (£m)‡ | - | 5093.9 | 5169.2 | 3917.7 | 4705.1 | na |
| Total shrs traded (m)‡ | *1080.0 | ‡1154.6 | ‡1226.7 | ‡937.8 | ‡1095.8 | na |
| Tradepoint turnover (£m) | 101.2 | 38.5 | 31.5 | 54.8 | 24.8 | 0.8 |
| Tradepoint shrs traded | 21,562 | 8,722 | 9,560 | 11,054 | 9,047 | 250 |

†Excluding intra-market and overseas turnover but including Crest turnover. *UK only total at 6pm. ‡ UK plus intra-market turnover.

**London market data**

| Rises and falls* | | 52 Week highs and lows | | LIFFE Equity options | |
|---|---|---|---|---|---|
| Total Rises | 926 | Total Highs | 288 | Total contracts | 20,966 |
| Total Falls | 719 | Total Lows | 49 | Calls | 10,684 |
| Same | 1,382 | | | Puts | 10,282 |

Apr 2 *Data based on Equity shares listed on the London Share Service.

## FUTURES AND OPTIONS

**FTSE 100 INDEX FUTURES (LIFFE) £10 per full index point**

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 6100.0 | 6108.0 | +24.0 | 6121.0 | 6061.0 | 17516 | 153559 |
| Sep | | 6187.0 | +25.0 | | | 0 | 3186 |

**FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point**

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 5811.0 | 5812.0 | +47.0 | 5815.0 | 5811.0 | 68 | 6497 |

**FTSE 100 INDEX OPTION (LIFFE) (*6026) £10 per full index point**

| | 5850 C | 5850 P | 5900 C | 5900 P | 5950 C | 5950 P | 6000 C | 6000 P | 6050 C | 6050 P | 6100 C | 6100 P | 6150 C | 6150 P | 6200 C | 6200 P |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Apr | 246 | 35 | 205 | 45½ | 167½ | 58½ | 133½ | 76 | 103½ | 97½ | 77½ | 123½ | 57½ | 155½ | 40½ | 187½ |
| May | 322 | 94 | 286 | 108½ | 252 | 122½ | 222½ | 143½ | 192½ | 166½ | 164 | 186½ | 140 | 214½ | 119 | 245 |
| Jun | 395½ | 145½ | 357 | 159½ | 326 | 176½ | 296½ | 197 | 270 | 218½ | 238 | 240 | 213 | 265½ | 213½ | 294½ |
| Jul | 448½ | 174½ | 415½ | 192 | 385½ | 211½ | 356½ | 231 | 324½ | 250½ | 294 | 271 | 264½ | 298 | 242 | 324½ |
| Dec† | | | 645 | 308 | | | 595 | 350½ | | | 524½ | 390½ | | | 466½ | 438½ |

Calls 771 Puts 967

**EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point**

| | 5875 | | 5925 | | 5975 | | 6025 | | 6075 | | 6125 | | 6175 | | 6225 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Apr | 222 | 39½ | 184 | 57½ | 149 | 68½ | 117 | 84½ | 89½ | 106½ | 67 | 133½ | 48½ | 165 | 34 | 200½ |
| May | 305½ | 100 | 269 | 113½ | 236 | 129 | 204 | 147½ | 178½ | 169½ | 149½ | 192½ | 125 | 217½ | 102½ | 244½ |
| Jun | 378 | 146½ | 342½ | 162 | 309 | 178 | 278½ | 197 | 250 | 217½ | 222 | 239 | 195½ | 262½ | 173½ | 289 |
| Sep | | | 486½ | 242½ | | | 435 | 278 | | | 377 | 317 | | | 323½ | 407½ |
| Dec† | | | 622½ | 294 | | | 582 | 328½ | | | 534½ | 368 | | | 459½ | 407½ |

Calls 3,481 Puts 5,358 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

## LONDON RECENT ISSUES: EQUITIES

| Issue price p | Amt paid up | Mkt. cap (£m.) | 1998 High | 1998 Low | Stock | Close price p | +/- | Net div. | Div. cov. | Grs yld | P/E net |
|---|---|---|---|---|---|---|---|---|---|---|---|
| §– | F.P. | – | 100 | 97½ | Aberdeen Cnvtble C | 99½ | | – | – | – | – |
| *100 | 100 | 35.7 | 102 | 100 | Advent 2 VCT | 102 | | – | – | – | – |
| – | F.P. | 856.9 | 118 | 94 | Bass B | 95½ | | – | – | – | – |
| – | F.P. | – | 12 | 4 | Enstar 01/03 Wts | 4½ | | – | – | – | – |
| – | F.P. | 546.0 | 188½ | 182 | Express Dairies | 186 | -2½ | LN6.0 | 1.5 | 5.4 | 15.3 |
| §255 | F.P. | 220.1 | 447½ | 409 | Guardian IT | 438 | +2 | – | – | – | 78.2 |
| – | F.P. | 4.30 | 3¼ | 2¼ | †Hartford Grp | 3 | | – | – | – | – |
| §196 | F.P. | 352.7 | 202½ | 189 | Moneteon | 198½ | | LN1.0 | 2.2 | 2.5 | 22.7 |
| §200 | F.P. | 187.2 | 485½ | 412½ | Oxford Asymmetry | 483½ | | – | – | – | 77.7 |
| §25 | F.P. | 5.28 | 117½ | 77 | †Peel Hotels | 105½ | -2 | – | – | – | – |
| §125 | F.P. | 10.9 | 164½ | 127½ | †Pennant Intl | 164½ | +2 | W3.16 | 2.5 | – | 20.7 |
| * | F.P. | 18.0 | 92½ | 90 | Quester VCT 2 | 90 | | L2.4 | – | 3.3 | – |
| – | F.P. | 7.57 | 110 | 75 | †Salestone | 75 | | – | – | – | – |

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

## RIGHTS OFFERS

| Issue price p | Amount paid up | Latest Renun. date | 1998 High | 1998 Low | Stock | Closing price p | +or- |
|---|---|---|---|---|---|---|---|
| 280 | Nil | 17/4 | 25pm | 12½pm | Cap & Reg Props | 12½pm | -12½ |
| 10 | Nil | 17/4 | 7½pm | 3½pm | Oxford Biomedica | 5½pm | |
| 180 | Nil | 6/4 | 42½pm | 25pm | Paragon | 38½pm | +½ |
| 235 | Nil | 8/4 | 23pm | 12½pm | Westbury | 13½pm | |

pm premium.

## FTSE GOLD MINES INDEX

| | Apr 1 | % chg on day | Mar 31 | Year ago | Gross div yield % | P/E ratio | 52 week High | 52 week Low |
|---|---|---|---|---|---|---|---|---|
| Gold Mines Index (32) | 1144.48 | -0.1 | 1146.12 | 1622.80 | 2.13 | – | 1632.63 | 891.23 |
| **Regional Indices** | | | | | | | | |
| Africa (14) | 1128.03 | +3.4 | 1089.39 | 1910.65 | 4.82 | 21.20 | 1932.36 | 921.78 |
| Australasia (7) | 1412.44 | +0.5 | 1405.78 | 1897.25 | 2.42 | 19.05 | 1911.63 | 933.63 |
| North America (11) | 1128.83 | -1.4 | 1144.33 | 1510.58 | 1.08 | 42.19 | 1574.16 | 864.88 |

 Figures in brackets show number of companies. Basis US Dollars. Base Value: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition.

## *FTSE* Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

| | Apr 2 | Day's chge% | Apr 1 | Mar 31 | Year ago | Gross yield% | Net yield% | Net cover | P/E ratio | Xd adj. ytd | Total Return |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FTSE 100 | 6052.8 | +0.6 | 6017.6 | 5932.2 | 4214.6 | 2.70 | 2.28 | 2.05 | 22.55 | 48.69 | 2635.82 |
| FTSE 250 | 5544.8 | +0.2 | 5534.8 | 5525.4 | 4504.6 | 2.95 | 2.47 | 2.07 | 20.48 | 31.94 | 2382.15 |
| FTSE 250 ex IT | 5586.7 | +0.2 | 5577.4 | 5568.7 | 4548.2 | 3.03 | 2.55 | 2.13 | 19.32 | 32.68 | 2388.50 |
| FTSE 350 | 2901.3 | +0.5 | 2886.5 | 2852.3 | 2082.8 | 2.75 | 2.32 | 2.06 | 22.13 | 22.50 | 2580.50 |
| FTSE 350 ex IT | 2906.5 | +0.5 | 2891.7 | 2856.8 | – | 2.76 | 2.33 | 2.07 | 21.90 | 22.74 | 1325.96 |
| FTSE 350 Higher Yield | 2856.3 | -0.2 | 2862.5 | 2831.9 | 2010.8 | 3.68 | 3.15 | 1.96 | 17.29 | 26.38 | 2186.59 |
| FTSE 350 Lower Yield | 2960.0 | +1.1 | 2928.6 | 2891.2 | 2161.2 | 2.03 | 1.69 | 2.19 | 28.14 | 19.16 | 2143.13 |
| FTSE SmallCap | 2637.29 | +0.1 | 2634.68 | 2629.54 | 2279.92 | 2.88 | 2.33 | 1.53 | 28.27 | 12.74 | 2279.91 |
| FTSE SmallCap ex IT | 2633.42 | +0.1 | 2631.33 | 2625.93 | 2294.02 | 3.08 | 2.49 | 1.59 | 25.54 | 12.42 | 2298.32 |
| FTSE All-Share | 2826.98 | +0.5 | 2813.33 | 2781.66 | 2056.07 | 2.75 | 2.32 | 2.02 | 22.43 | 21.40 | 2551.53 |
| FTSE All-Share ex IT | 2834.92 | +0.5 | 2821.11 | 2788.57 | – | 2.78 | 2.34 | 2.04 | 22.06 | 21.71 | 1316.36 |

**FTSE Actuaries Industry Sectors**

| | Apr 2 | Day's chge% | Apr 1 | Mar 31 | Year ago | Gross yield% | Net yield% | Net cover | P/E ratio | Xd adj. ytd | Total Return |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 10 RESOURCES(22) | 4727.25 | +1.0 | 4680.33 | 4638.94 | 3987.79 | 3.18 | 2.75 | 1.84 | 21.34 | 27.12 | 2153.21 |
| 12 Extractive Industries(5) | 3184.85 | -0.4 | 3197.71 | 3157.15 | 4016.58 | 4.30 | 3.96 | 2.08 | 13.98 | 72.61 | 1003.78 |
| 15 Oil, Integrated(4) | 5277.47 | +1.3 | 5209.98 | 5157.33 | 4086.60 | 3.16 | 2.70 | 1.80 | 22.06 | 17.89 | 2468.10 |
| 16 Oil Exploration & Prod(13) | 3238.83 | -0.1 | 3241.86 | 3275.71 | 3812.90 | 1.77 | 1.47 | 1.93 | 36.50 | 21.16 | 2005.37 |
| 20 GEN INDUSTRIALS(221) | 2240.57 | +0.1 | 2238.03 | 2231.07 | 1983.48 | 3.34 | 2.91 | 2.19 | 17.15 | 17.50 | 1308.99 |
| 21 Construction(38) | 1623.40 | +0.2 | 1620.79 | 1629.36 | 1343.96 | 2.99 | 2.43 | 2.50 | 16.71 | 10.29 | 1439.98 |
| 22 Building Matls & Merchs(27) | 1861.21 | -0.2 | 1864.98 | 1886.17 | 1847.47 | 3.99 | 3.41 | 2.02 | 15.47 | 9.24 | 1002.34 |
| 23 Chemicals(24) | 2928.29 | +1.3 | 2891.50 | 2822.86 | 2246.92 | 3.20 | 2.99 | 1.83 | 21.34 | 24.81 | 1490.73 |
| 24 Diversified Industrials(10) | 1460.32 | -1.5 | 1481.97 | 1463.55 | 1474.63 | 3.89 | 3.64 | 2.22 | 14.47 | 16.50 | 894.90 |
| 25 Electronic & Elect Equip(26) | 2527.83 | +0.2 | 2523.57 | 2561.73 | 2218.88 | 3.42 | 2.76 | 1.65 | 22.25 | 18.05 | 1391.19 |
| 26 Engineering(62) | 3033.30 | +0.1 | 3029.40 | 3013.68 | 2582.62 | 3.14 | 2.78 | 2.38 | 18.74 | 27.58 | 1949.44 |
| 27 Engineering, Vehicles(10) | 4087.14 | -0.4 | 4101.54 | 4065.73 | 2816.03 | 2.18 | 1.99 | 3.31 | 17.32 | 26.22 | 2244.29 |
| 28 Paper, Pckg & Printing(24) | 2244.26 | -0.1 | 2246.93 | 2230.05 | 2488.70 | 4.57 | 3.83 | 2.18 | 12.57 | 15.02 | 1003.84 |
| 30 CONSUMER GOODS(92) | 5882.34 | +1.3 | 5806.83 | 5673.96 | 4068.94 | 2.45 | 2.22 | 1.82 | 28.01 | 58.64 | 2321.33 |
| 32 Alcoholic Beverages(6) | 4139.25 | +0.8 | 4104.97 | 3936.73 | 2870.20 | 2.81 | 2.78 | 1.85 | 23.99 | 55.09 | 1617.00 |
| 33 Food Producers(25) | 4028.78 | +2.1 | 3947.58 | 3834.94 | 2853.85 | 2.88 | 2.29 | 1.91 | 24.44 | 22.30 | 1940.22 |
| 34 Household Goods & Texts(24) | 3537.47 | +2.0 | 3468.84 | 3452.12 | 2837.77 | 3.08 | 2.75 | 2.22 | 18.24 | 38.23 | 1486.64 |
| 36 Health Care(14) | 2344.78 | -1.4 | 2377.15 | 2349.29 | 2162.10 | 2.14 | 1.93 | 2.30 | 25.38 | 9.48 | 1489.85 |
| 37 Pharmaceuticals(20) | 10001.66 | +2.3 | 9772.82 | 9500.73 | 6285.30 | 1.83 | 1.82 | 1.70 | 40.09 | 85.22 | 3573.40 |
| 38 Tobacco(3) | 4773.04 | -4.7 | 5010.42 | 5060.75 | 4312.98 | 5.03 | 4.75 | 1.78 | 13.98 | 121.61 | 1333.51 |
| 40 SERVICES(279) | 3455.81 | +0.1 | 3452.15 | 3415.76 | 2604.87 | 2.45 | 1.99 | 2.00 | 25.59 | 14.24 | 1891.14 |
| 41 Distributors(28) | 2841.27 | +0.2 | 2835.25 | 2821.98 | 2831.66 | 3.35 | 2.75 | 2.00 | 18.65 | 23.53 | 1111.32 |
| 42 Leisure & Hotels(27) | 3945.13 | -0.6 | 3967.44 | 3965.93 | 3437.61 | 2.55 | 2.04 | 2.96 | 20.77 | 47.64 | 2232.15 |
| 43 Media(41) | 4477.36 | +0.2 | 4468.69 | 4446.78 | 4185.48 | 2.30 | 1.93 | 2.17 | 25.06 | 43.29 | 1693.82 |
| 44 Retailers, Food(13) | 3148.27 | -0.2 | 3155.84 | 3108.96 | 1981.88 | 2.68 | 2.14 | 2.27 | 20.59 | 3.94 | 2120.89 |
| 45 Retailers, General(45) | 2395.00 | — | 2395.09 | 2384.51 | 2054.78 | 3.02 | 2.42 | 2.22 | 18.63 | 8.23 | 1448.11 |
| 46 Telecommunications(10) | 3875.67 | -0.1 | 3879.86 | 3806.23 | 2217.49 | 2.27 | 1.84 | 1.51 | 36.34 | 4.04 | 1884.53 |
| 47 Breweries, Pubs & Rest.(24) | 4368.86 | -0.5 | 4388.95 | 4374.55 | 3276.23 | 2.70 | 2.16 | 2.40 | 19.28 | 15.63 | 2216.79 |
| 48 Support Services(62) | 4900.81 | +0.9 | 4858.91 | 4788.90 | 2858.35 | 1.21 | 1.02 | 2.53 | 40.88 | 4.97 | 3215.00 |
| 49 Transport(25) | 3559.17 | +0.9 | 3526.62 | 3474.23 | 2748.97 | 2.90 | 2.37 | 1.27 | 33.82 | 21.56 | 1579.46 |
| 60 UTILITIES(25) | 3895.75 | +0.5 | 3875.87 | 3871.82 | 2642.22 | 3.99 | 3.19 | 1.69 | 18.53 | 6.35 | 1637.25 |
| 62 Electricity(9) | 4368.12 | +0.9 | 4327.16 | 4335.48 | 2845.28 | 4.27 | 3.42 | 2.18 | 13.45 | 7.28 | 2520.16 |
| 64 Gas Distribution(2) | 2888.89 | +0.5 | 2874.62 | 2844.08 | 1532.52 | 2.25 | 1.80 | ‡ | ‡ | 0.00 | 1654.85 |
| 68 Water(12) | 3473.15 | -0.3 | 3482.47 | 3487.85 | 2428.73 | 4.92 | 3.93 | 2.20 | 11.53 | 10.26 | 2108.50 |
| 69 NON-FINANCIALS(637) | 2808.52 | +0.5 | 2783.25 | 2761.28 | 2123.72 | 2.79 | 2.38 | 1.94 | 23.07 | 17.41 | 2274.56 |
| 70 FINANCIALS(109) | 5837.75 | +0.3 | 5818.63 | 5750.03 | 3873.74 | 2.73 | 2.24 | 2.33 | 19.66 | 68.56 | 2694.55 |
| 71 Banks, Retail(12) | 8490.67 | +0.5 | 8455.44 | 8370.87 | 5294.18 | 2.77 | 2.22 | 2.28 | 19.68 | 118.92 | 2975.96 |
| 73 Insurance(17) | 2789.75 | -0.9 | 2813.93 | 2738.46 | 1626.77 | 3.04 | 2.75 | 2.92 | 14.10 | 35.32 | 2296.20 |
| 74 Life Assurance(6) | 7501.12 | +0.7 | 7448.15 | 7334.16 | 4432.37 | 2.50 | 2.16 | 2.57 | 19.38 | 64.23 | 3331.19 |
| 77 Other Financial(26) | 4799.04 | -0.1 | 4802.32 | 4754.47 | 3064.84 | 2.27 | 1.85 | 2.20 | 25.07 | 31.35 | 2909.32 |
| 79 Property(46) | 2382.27 | — | 2383.11 | 2381.93 | 1840.30 | 2.72 | 2.25 | 1.44 | 31.87 | 7.56 | 1552.77 |
| 80 INVESTMENT TRUSTS(117) | 3937.72 | +0.3 | 3924.19 | 3917.77 | 3205.25 | 2.00 | 1.62 | 1.18 | 52.57 | 18.35 | 1429.40 |
| 89 FTSE All-Share(863) | 2826.98 | +0.5 | 2813.33 | 2781.66 | 2056.07 | 2.75 | 2.32 | 2.02 | 22.43 | 21.40 | 2551.53 |
| 105 FTSE All-Share ex IT(746) | 2834.92 | +0.5 | 2821.11 | 2788.57 | – | 2.78 | 2.34 | 2.04 | 22.06 | 21.71 | 1316.36 |
| Information Technology | 1481.12 | -0.1 | 1482.88 | 1475.03 | – | 0.58 | 0.48 | 3.36 | 64.23 | 1.70 | 1483.09 |
| FTSE Fledgling | 1410.79 | +0.1 | 1408.86 | 1410.60 | 1289.74 | 3.11 | 2.52 | 1.43 | 28.20 | 6.87 | 1533.69 |
| FTSE Fledgling ex IT | 1430.80 | +0.1 | 1429.88 | 1430.40 | 1312.27 | 3.47 | 2.82 | 1.47 | 24.46 | 7.77 | 1581.08 |
| FTSE AIM | 1063.6 | +0.4 | 1059.4 | 1059.1 | – | 1.14 | 0.91 | 0.57 | 80.00† | 2.60 | 981.59 |

**Hourly movements**

| | Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.10 | High/day | Low/day |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FTSE 100 | - | 6038.2 | 6027.4 | 6034.9 | 6018.7 | 6017.3 | 6014.6 | 6021.0 | 6040.4 | 6052.8 | 6003.9 |
| FTSE 250 | - | 5543.9 | 5544.8 | 5546.4 | 5547.3 | 5548.7 | 5544.5 | 5545.5 | 5546.0 | 5548.0 | 5530.6 |
| FTSE 350 | - | 2895.5 | 2891.3 | 2894.4 | 2888.2 | 2887.6 | 2886.3 | 2888.9 | 2896.6 | 2901.3 | 2882.2 |
| FTSE SmallCap | 2635.25 | 2635.65 | 2636.94 | 2637.47 | 2637.77 | 2637.97 | 2637.90 | 2637.72 | 2637.39 | 2638.09 | 2635.25 |
| FTSE All-Share | - | 2821.59 | 2817.88 | 2820.75 | 2815.05 | 2814.52 | 2813.35 | 2815.70 | 2822.67 | 2826.98 | 2809.52 |

Time of FTSE 100 Day's high: 16:30:00 Day's low: 11:31:30. FTSE 100 1997 High: 6052.8 (02/04/98) Low: 5088.7 (12/01/98)
Time of FTSE All-Share Day's high: 16:30:00 Day's low: 11:32:00. FTSE All-Share 1997 High: 2827.00 (02/04/98) Low: 2383.32 (12/01/98)
Further information is available on http://www.ftse.com



† Sector P/E ratios greater than 80 and net covers greater than 30 are not shown. ‡ Values are negative. For Quarterly Review Changes please see FT on 12 March page 32 or website www.ftse.com.

FTSE INTERNATIONAL

## TRADING VOLUME

**Major Stocks yesterday.**

| | Vol 000's | Closing price | Day's change |
|---|---|---|---|
| 3i | 1,700 | 800 | +5½ |
| AIRTOUCH/AP | 370 | 862 | -5 |
| ASDA Group | 13,409 | 285½ | +3½ |
| Abbey National | 7,400 | 1233 | +25 |
| Alliance & Leicester | 2,100 | 924 | +11 |
| Allied Domecq | 1,900 | 599 | -5½ |
| Assoc. Brit. Foods | 1,300 | 630 | +20 |
| BAA | 3,200 | 693 | +7 |
| BAT Inds. | 19,800 | 570 | -3½ |
| BOC | 6,200 | 921 | -15 |
| BG | 15,200 | 313½ | +½ |
| BP | 12,100 | 883 | +18 |
| BSkyB | 1,600 | 453 | +1 |
| BT | 9,600 | 658 | -3 |
| BTR | 19,100 | 207 | |
| Bank of Scotland | 3,100 | 747 | +8 |
| Barclays | 4,200 | 1853 | +8 |
| Bass | 903 | 1135 | +1 |
| Billiton | 4,600 | 166½ | +½ |
| Blue Circle | 3,700 | 379½ | +10½ |
| Boots | 1,400 | 975 | +17 |
| Brit. Aerospace | 1,200 | 1975 | |
| British Airways | 2,400 | 633 | +12 |
| British Energy | 2,100 | 552 | +28 |
| British Land | 1,100 | 788 | +8 |
| British Steel | 6,300 | 147½ | +7 |
| Cable & Wireless | 4,100 | 733 | +6 |
| Cadbury Schweppes | 1,600 | 834 | -3 |
| Carlton Comms. | 3,000 | 483 | -2 |
| Centrica | 17,200 | 113½ | +1½ |
| Comm. Union | 1,200 | 1200 | +5 |
| Compass | 858 | 1050 | -15 |
| Diageo | 6,000 | 748½ | +8½ |
| EMI | 2,300 | 497 | -½ |
| Energy Group | 708 | 841 | +½ |
| Enterprise Oil | 2,000 | 530 | -5 |
| Foreign & Col. I T | 1,100 | 197½ | -½ |
| Gen. Accident | 1,400 | 1595 | +17 |
| General Electric | 5,200 | 462 | |
| Glaxo Wellcome | 10,400 | 1731 | +51 |
| Granada | 4,100 | 1059 | -8 |
| GKN | 1,800 | 764 | -11 |
| GRE | 5,300 | 429 | +1 |
| GKN | 380 | 1610 | +15 |
| HSBC (75p shs) | 4,800 | 1895 | -27 |
| HSBC (HK$10) | 2,600 | 1789 | -31 |
| Halifax | 8,000 | 924 | -5½ |
| Hays | 677 | 1052 | -38 |
| ICI | 1,200 | 1125 | |
| Kingfisher | 8,000 | 1116 | -5 |
| Ladbroke | 7,600 | 330½ | +½ |
| Land Securities | 861 | 1076 | +1 |
| Legal & General | 1,800 | 749 | -5 |
| Lloyds TSB | 8,000 | 878 | +18 |
| LASMO | 2,700 | 274 | +8 |
| Lucasvarity | 3,800 | 230 | -4 |
| Marks & Spencer | 5,700 | 592 | +2 |
| Mirror Group† | 1,700 | 265 | -8 |
| NatWest Bank | 5,700 | 1131 | +27 |
| National Grid | 8,300 | 388½ | +25½ |
| National Power | 4,600 | 607 | -15 |
| Next | 3,300 | 595 | -12 |
| Northern Rock | 2,600 | 632 | +5 |
| Norwich Union | 2,400 | 499 | -8 |
| Nycomed Amersham | 398 | 2230 | -70 |
| Nycomed Amer NV | 3 | 2202 | -148 |
| Orange | 3,600 | 401 | -5 |
| Pearson | 2,100 | 867 | +2 |
| P & O | 1,100 | 884 | +3½ |
| PowerGen | 1,800 | 820 | +6 |
| Provident Financial | 1,300 | 940 | -11 |
| Prudential | 2,800 | 819 | +12 |
| RMC† | 358 | 947 | -13 |
| Railtrack | 2,100 | 1021 | +19 |
| Rank Group | 4,800 | 398 | -8 |
| Reckitt & Colman | 1,200 | 1175 | +8 |
| Reed Intl. | 3,600 | 611 | +1 |
| Rentokil Initial | 3,500 | 387 | +38 |
| Reuters | 5,100 | 640 | +8 |
| Rio Tinto | 1,800 | 869 | -8 |
| Rolls Royce | 7,200 | 272½ | -5½ |
| Royal & Sun Alliance | 3,500 | 720½ | -8½ |
| Royal Bank Scotland | 2,200 | 968 | -13 |
| Safeway | 2,200 | 384 | -½ |
| Sainsbury | 2,800 | 507 | -7 |
| Schroders | 67 | 2440 | +34 |
| Schroders NV | 6 | 2100 | +38 |
| Scottish & Newcastle | 1,500 | 829½ | -5½ |
| Scottish Power | 1,600 | 540 | -3 |
| Severn Trent | 870 | 995 | -23 |
| Shell Transport | 26,600 | 448¾ | +1¾ |
| Siebe | 1,300 | 1376 | -15 |
| SmithKline Beecham | 13,200 | 799 | +26½ |
| Smiths Inds. | 681 | 875 | -3 |
| Southern Electric† | 1,600 | 586 | +7 |
| Standard Chartered | 4,400 | 802 | -12 |
| Sun Life & Provincial | 784 | 582 | +8 |
| TI Group† | 585 | 582 | +13 |
| Tesco | 4,100 | 585 | -8½ |
| Thames Water | 1,600 | 985 | +15 |
| Tomkins | 2,300 | 358 | -8 |
| Unilever | 8,300 | 598 | +21½ |
| Utd. News & Media | 2,300 | 803 | -12 |
| United Utilities | 1,100 | 871½ | -10½ |
| Vodafone | 14,000 | 680 | +6 |
| Whitbread | 1,100 | 1104 | -12 |
| Williams | 2,700 | 429 | -3 |
| Wolseley | 2,600 | 437 | -8 |
| Woolwich | 8,500 | 360½ | +3½ |
| Zeneca | 2,000 | 2635 | -7 |

Based on trading volume for the FTSE 100 constituent companies and resolved yesterday until 4.30pm. † Indicates a FTSE 100 index constituent. All values are rounded. Source: Estel, part of FT Information.

هكذا من الأصل



Highs & Lows shown on a 52 week basis

# WORLD STOCK MARKETS

## EUROPE

AUSTRIA (Apr 2 / Sch)

BELGIUM/LUXEMBOURG (Apr 2 / Frs.)

CZECH REP (Apr 2 / Koruna)

DENMARK (Apr 2 / Kr)

FINLAND (Apr 2 / Mkk)

FRANCE (Apr 2 / Frs.)

GREECE (Apr 2 / Drachma)

ITALY (Apr 2 / Lira)

GERMANY (Apr 2 / Dm.)

NETHERLANDS (Apr 2 / Fls.)

NORWAY (Apr 2 / Kroner)

POLAND (Apr 2 / Zloty)

PORTUGAL (Apr 2 / Escudo)

SPAIN (Apr 2 / Pta)

SWEDEN (Apr 2 / Kronor)

SWITZERLAND (Apr 2 / Frs.)

TURKEY (Apr 2 / Tk Lira)



## PACIFIC

JAPAN (Apr 2 / Yen)

AUSTRALIA (Apr 2 / Aust$)

HONG KONG (Apr 2 / H.K.$)

INDONESIA (Apr 2 / Rupiah)

MALAYSIA (Apr 2 / MYR)

NEW ZEALAND (Apr 2 / NZ $)

SINGAPORE (Apr 2 / S$)

SOUTH KOREA (Apr 2 / Won)

TAIWAN (Apr 2 / TW $)

THAILAND (Apr 2 / Baht)

## AFRICA

SOUTH AFRICA (Apr 2 / Rand)

## AMERICAS

CANADA

TORONTO (Apr 2 / Can $) 3:15 pm

MONTREAL (Apr 2 / Can $) 3:15 pm

MEXICO (Apr 2 / Peso) 11.30pm

## FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

| NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock | WEDNESDAY APRIL 1 1998 US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | TUESDAY MARCH 31 1998 US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | DOLLAR INDEX 52 week High | 52 week Low | Year ago (approx) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Australia (73) | 211.98 | 0.0 | 187.56 | 178.48 | 203.85 | 213.31 | 0.3 | 3.65 | 212.02 | 187.72 | 178.72 | 203.85 | 212.65 | 243.87 | 190.26 | 215.14 |
| Austria (23) | 218.83 | 0.8 | 193.62 | 184.25 | 210.44 | 210.28 | 0.7 | 1.55 | 217.46 | 192.54 | 183.31 | 209.09 | 208.93 | 221.21 | 175.14 | 183.78 |
| Belgium (26) | 307.25 | 0.7 | 271.88 | 258.70 | 295.46 | 289.07 | 0.7 | 2.44 | 305.26 | 270.28 | 257.32 | 293.50 | 287.20 | 316.38 | 227.73 | 234.29 |
| Brazil (30) | 260.53 | -0.4 | 230.52 | 219.38 | 250.54 | 545.31 | -0.4 | 1.77 | 261.62 | 231.64 | 220.54 | 251.54 | 547.59 | 322.44 | 184.94 | 292.35 |
| Canada (120) | 243.43 | -0.2 | 215.38 | 204.96 | 234.09 | 249.83 | -0.5 | 1.61 | 243.88 | 215.93 | 205.58 | 234.48 | 251.15 | 247.29 | 178.27 | 186.47 |
| Denmark (34) | 512.02 | 0.5 | 453.04 | 431.11 | 492.37 | 490.93 | 0.5 | 1.23 | 509.68 | 451.27 | 429.64 | 490.05 | 488.70 | 513.41 | 348.27 | 362.66 |
| Finland (28) | 371.29 | 1.2 | 328.51 | 312.61 | 357.04 | 437.46 | 1.2 | 2.06 | 367.04 | 324.98 | 309.40 | 352.90 | 432.34 | 376.27 | 243.25 | 252.82 |
| France (79) | 296.16 | 0.7 | 262.04 | 249.35 | 284.79 | 287.82 | 0.1 | 2.00 | 295.74 | 261.85 | 249.29 | 284.35 | 287.43 | 296.16 | 209.81 | 220.56 |
| Germany (58) | 271.03 | 1.0 | 239.81 | 228.20 | 260.63 | 260.63 | 1.0 | 1.25 | 268.32 | 237.57 | 226.18 | 257.98 | 257.98 | 271.10 | 193.39 | 200.12 |
| Hong Kong, China (66) | 347.14 | -1.4 | 307.15 | 292.28 | 333.82 | 345.35 | -1.4 | 4.64 | 352.21 | 311.85 | 296.90 | 338.64 | 350.37 | 580.03 | 262.93 | 440.31 |
| Indonesia (27) | 55.86 | -4.3 | 49.43 | 47.04 | 53.72 | 294.73 | -4.9 | 2.28 | 58.38 | 51.69 | 49.22 | 56.14 | 309.81 | 254.90 | 27.67 | 229.50 |
| Ireland (16) | 519.43 | 1.7 | 459.58 | 437.34 | 499.50 | 538.45 | 1.7 | 1.84 | 510.74 | 452.21 | 430.53 | 491.06 | 529.59 | 525.09 | 322.44 | 324.22 |
| Italy (54) | 167.60 | 2.5 | 148.29 | 141.11 | 161.17 | 228.25 | 2.6 | 1.08 | 163.43 | 144.70 | 137.76 | 157.13 | 222.49 | 167.60 | 84.48 | 84.48 |
| Japan (480) | 96.32 | -1.4 | 85.23 | 81.10 | 92.63 | 81.10 | -1.5 | 0.98 | 97.71 | 86.51 | 82.37 | 93.95 | 82.37 | 141.12 | 88.52 | 113.30 |
| Malaysia (107) | 208.77 | -3.7 | 184.72 | 175.78 | 200.76 | 297.09 | -2.3 | 2.32 | 216.86 | 192.01 | 182.80 | 208.51 | 304.02 | 601.74 | 113.58 | 601.74 |
| Mexico (29) | 1661.62 | -0.1 | 1470.21 | 1399.04 | 1597.87 | 15438.55 | -0.4 | 1.47 | 1663.73 | 1473.06 | 1402.44 | 1599.64 | 15494.55 | 1901.98 | 1328.20 | 1328.20 |
| Netherlands (19) | 481.17 | 2.0 | 425.74 | 405.13 | 462.71 | 457.74 | 1.9 | 2.00 | 471.90 | 417.82 | 397.79 | 453.72 | 449.01 | 484.91 | 330.32 | 338.44 |
| New Zealand (14) | 74.78 | 2.2 | 66.16 | 62.96 | 71.91 | 72.00 | 2.5 | 4.54 | 73.14 | 64.76 | 61.66 | 70.33 | 70.25 | 96.47 | 71.49 | 84.04 |
| Norway (38) | 327.53 | 0.2 | 289.80 | 275.77 | 314.97 | 339.87 | 0.5 | 1.84 | 326.96 | 289.49 | 275.61 | 314.36 | 338.35 | 374.64 | 281.62 | 298.08 |
| Philippines (22) | 100.19 | -2.5 | 88.65 | 84.35 | 96.34 | 191.35 | -1.4 | 1.07 | 102.73 | 90.95 | 86.59 | 98.77 | 194.03 | 184.21 | 57.54 | 193.91 |
| Singapore (42) | 224.12 | -2.8 | 198.30 | 188.70 | 215.52 | 187.40 | -2.4 | 1.85 | 230.48 | 204.06 | 194.28 | 221.60 | 171.53 | 402.07 | 144.01 | 386.82 |
| South Africa (43) | 309.49 | 1.7 | 273.83 | 260.58 | 297.61 | 341.20 | 1.8 | 2.57 | 304.25 | 269.38 | 256.46 | 292.52 | 335.09 | 385.52 | 227.66 | 352.96 |
| Spain (32) | 377.12 | 1.4 | 333.68 | 317.52 | 362.65 | 448.50 | 1.4 | 1.61 | 371.97 | 329.34 | 313.55 | 357.64 | 442.48 | 380.44 | 210.35 | 212.04 |
| Sweden (49) | 558.35 | 0.4 | 494.03 | 470.11 | 536.93 | 682.45 | 0.7 | 1.76 | 556.14 | 492.41 | 468.80 | 534.72 | 658.19 | 571.99 | 405.00 | 423.19 |
| Switzerland (31) | 394.45 | 0.1 | 349.02 | 332.12 | 379.32 | 374.18 | 0.5 | 1.03 | 393.92 | 348.78 | 332.06 | 378.75 | 372.31 | 398.18 | 252.68 | 254.18 |
| Thailand (39) | 28.61 | -3.4 | 25.32 | 24.09 | 27.52 | 44.03 | -2.4 | 6.82 | 29.62 | 26.23 | 24.97 | 28.48 | 45.13 | 84.87 | 13.10 | 79.20 |
| United Kingdom (209) | 394.25 | 1.4 | 348.83 | 331.95 | 379.12 | 348.83 | 1.3 | 2.81 | 388.91 | 344.34 | 327.84 | 373.93 | 344.34 | 394.25 | 275.44 | 279.53 |
| USA (538) | 452.60 | 0.6 | 400.45 | 381.07 | 435.23 | 452.60 | 0.6 | 1.40 | 449.94 | 398.37 | 379.27 | 432.60 | 449.94 | 452.60 | 299.70 | 308.06 |
| Americas (817) | 410.31 | 0.5 | 363.04 | 345.47 | 394.57 | 348.39 | 0.5 | 1.41 | 408.10 | 361.33 | 344.01 | 392.38 | 344.59 | 410.31 | 274.59 | 282.05 |
| Europe (896) | 349.97 | 1.1 | 309.66 | 294.67 | 336.54 | 336.14 | 1.1 | 2.00 | 346.17 | 306.49 | 291.80 | 332.83 | 332.39 | 349.97 | 238.44 | 242.75 |
| Nordic (149) | 488.97 | 0.5 | 432.65 | 411.70 | 470.21 | 509.37 | 0.7 | 1.73 | 486.50 | 430.74 | 410.09 | 467.76 | 505.90 | 497.77 | 355.77 | 368.92 |
| Pacific Basin (870) | 107.60 | -1.4 | 95.20 | 90.60 | 103.47 | 90.95 | -1.4 | 1.65 | 109.10 | 96.60 | 91.96 | 104.90 | 92.23 | 158.99 | 95.32 | 132.39 |
| Euro-Pacific (1566) | 208.63 | 0.3 | 184.60 | 175.66 | 200.62 | 183.25 | 0.3 | 1.89 | 207.93 | 184.10 | 175.27 | 199.92 | 182.60 | 210.87 | 172.03 | 178.40 |
| North America (758) | 439.29 | 0.5 | 388.58 | 369.87 | 422.43 | 438.94 | 0.5 | 1.41 | 436.86 | 386.79 | 368.25 | 420.03 | 436.58 | 439.29 | 292.34 | 300.65 |
| Europe Ex. UK (687) | 317.59 | 0.9 | 281.00 | 267.40 | 305.40 | 319.75 | 1.0 | 1.55 | 314.60 | 278.54 | 265.19 | 302.48 | 316.49 | 318.12 | 213.38 | 217.63 |
| Pacific Ex. Japan (390) | 206.99 | -1.2 | 183.15 | 174.28 | 199.05 | 286.21 | -0.9 | 3.79 | 209.54 | 185.53 | 176.63 | 201.47 | 208.09 | 318.98 | 161.31 | 292.81 |
| World Ex. US (1788) | 212.71 | 0.3 | 188.21 | 179.10 | 204.55 | 190.55 | 0.3 | 1.88 | 212.04 | 187.74 | 178.74 | 203.87 | 189.95 | 214.82 | 175.30 | 181.72 |
| World Ex. UK (2217) | 280.22 | 0.3 | 247.94 | 235.94 | 269.47 | 257.90 | 0.3 | 1.49 | 279.26 | 247.25 | 235.40 | 268.50 | 258.99 | 281.08 | 211.18 | 216.37 |
| World Ex. Japan (1946) | 386.11 | 0.7 | 341.63 | 325.09 | 371.29 | 381.25 | 0.7 | 1.71 | 383.51 | 339.56 | 323.28 | 368.73 | 378.64 | 386.11 | 271.90 | 277.19 |
| The World Index (2426) | 289.84 | 0.5 | 256.45 | 244.04 | 278.72 | 266.11 | 0.5 | 1.63 | 288.52 | 255.45 | 243.21 | 277.40 | 264.90 | 290.27 | 216.61 | 221.74 |



## Emerging markets: IFC Investable indices

Apr 1

3:15 pm April 2

# NEW YORK STOCK EXCHANGE PRICES

| 1998 High | Low | Stock | Div | Yld % | P/E | Vol 100s | High | Low | Close Quote | Chg Prev Close |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | |

- A - [illegible]

- B - [illegible]

- C - [illegible]

- D - [illegible]

- E - [illegible]

- F - [illegible]

- G - [illegible]

- H - [illegible]

- I - [illegible]

- J - [illegible]

- K - [illegible]

- L - [illegible]

- M - [illegible]

- N - [illegible]

- O - [illegible]

- P - Q - [illegible]

- R - [illegible]

- S - [illegible]

- T - [illegible]

- U - [illegible]

- V - [illegible]

- W - [illegible]

- X - Y - Z -

| 1998 High | Low | Stock | Div | Yld % | P/E | Vol 100s | High | Low | Close Quote | Chg Prev Close |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | Xerox x | 1.44 | 1.3 | 24 | 10768 | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | Xtra Corp | 0.88 | 1.4 | 20 | 301 | [illegible] | 64 | [illegible] | [illegible] |
| [illegible] | [illegible] | Yankee Egy | 1.34 | 5.4 | 16 | 70 | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | York Int | 0.48 | 1.0 | 41 | 287 | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | Zapata | 0.28 | 1.9 | 35 | 2027 | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | ZenithE | | | | 25018 | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | Zenith Nat | 1.00 | 3.4 | 18 | 67 | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | Zenix Inc | 0.73 | 9.7 | | 184 | [illegible] | [illegible] | [illegible] | |
| [illegible] | 25 | Zero | 0.12 | 0.4 | 17 | 298 | [illegible] | [illegible] | [illegible] | |
| [illegible] | [illegible] | ZweigFd | 1.32 | 9.3 | | 380 | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | Zweig Tot | 0.84 | 8.8 | | 790 | [illegible] | [illegible] | [illegible] | [illegible] |

Price data supplied by Extel, part of FT Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1997. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.
‡ Dealings suspended.

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# GLOBAL EQUITY MARKETS

## US INDICES

| Dow Jones | Apr 1 | Mar 31 | Mar 30 | 1998 High | 1998 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|
| Industrials | 8868.32 | 8799.81 | 8782.12 | 8906.43 (20/3) | 7580.42 (9/1) | 8906.43 (20/3/98) | 41.22 (8/7/32) |
| Home Bonds | 105.14 | 105.09 | 105.28 | 105.48 (15/1) | 104.92 (28/1) | 105.48 (15/1/98) | 54.99 (1/10/81) |
| Transport | 3578.57 | 3577.09 | 3499.23 | 3638.81 (17/3) | 3194.36 (9/1) | 3638.81 (17/3/98) | 13.23 (8/7/32) |
| Utilities | 286.31 | 285.94 | 281.90 | 287.88 (24/3) | 262.66 (9/1) | 287.80 (24/3/98) | 16.53 (8/7/32) |

DJ Ind. Day's high 8935.33 (8937.57) Low 8715.61 (8728.53) (Theoretical)
Day's high 8863.76 (8898.09) Low 8740.74 (8777.14) (Actual)

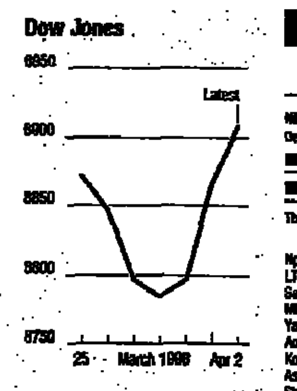
| Standard and Poors | Apr 1 | Mar 31 | Mar 30 | 1998 High | 1998 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|
| Composite‡ | 1108.15 | 1101.75 | 1093.55 | 1108.13 (1/4) | 927.69 (9/1) | 1108.13 (1/4/98) | 4.40 (1/6/32) |
| Industrials♥ | 1291.91 | 1282.23 | 1274.91 | 1291.88 (1/4) | 1077.40 (9/1) | 1291.88 (1/4/98) | 3.52 (30/6/32) |
| Financial♥ | 132.87 | 132.92 | 131.11 | 135.52 (20/3) | 110.85 (9/1) | 135.52 (20/3/98) | 7.13 (4/9/74) |
| **Others** | | | | | | | |
| NYSE Comp. | 576.41 | 572.76 | 568.89 | 576.41 (1/4) | 487.47 (9/1) | 576.41 (1/4/98) | 4.84 (25/4/42) |
| Amex Comp | 744.15 | 741.63 | 736.45 | 744.15 (1/4) | 646.41 (12/1) | 744.15 (1/4/98) | 524.20 (18/7/96) |
| NASDAQ Cmp | 1847.66 | 1835.68 | 1818.70 | 1847.88 (1/4) | 1503.22 (9/1) | 1847.88 (1/4/98) | 54.87 (3/10/74) |
| Russell 2000 | 484.93 | 480.68 | 476.24 | 484.93 (1/4) | 410.88 (12/1) | 484.93 (1/4/98) | 123.36 (7/12/93) |

## RATIOS

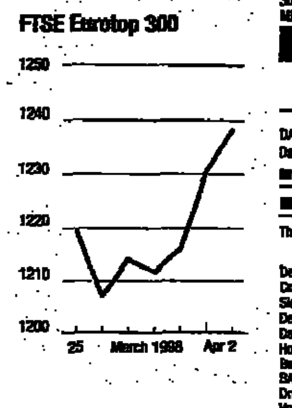
S & P Ind. P/E ratio 30.64 30.37 29.80 21.45

## US DATA

## Dow Jones



## FTSE Eurotop 300



## JAPAN

## FRANCE

## GERMANY

| Thursday | Stocks traded | Close price | Day's change |
|---|---|---|---|
| Deut.Bank | 885,984 | 141.45 | +1 |
| Dresdner... | 854,276 | 68.5 | +0.1 |
| Siemens | 675,174 | 120 | -5.3 |
| Deut.Telkom | 594,316 | 39.3 | -0.5 |
| Daimler-Bnz | 567,468 | 174.8 | +3.05 |
| Hoechst | 554,731 | 74.4 | +1.66 |
| Bayer | 534,250 | 84.55 | +0.7 |
| BASF | 476,747 | 81.9 | +0.1 |
| Dresdner Bank | 365,586 | 85.95 | +0.7 |
| Veba | 360,492 | 130.40 | -1 |

| Thursday | Close price | Day's change | Day's chge % |
|---|---|---|---|
| Ups | | | |
| Akdron | 585 | +75 | +14.7 |
| Loesch | 65.2 | +7 | +12 |
| Dis Deutschr | 128 | +13 | +11.3 |
| Holsten Brau | 385 | +27.9 | +7.8 |
| Downs | | | |
| Kali&Salz | 215 | -15 | -6.5 |
| Glunz | 77 | -5 | -6.1 |
| PWA Papier | 334 | -21 | -5.9 |
| Glasswasser | 420 | -20 | -4.5 |

## UK

| Thursday | Stocks traded | Close price | Day's change |
|---|---|---|---|
| Tamaris | 91,031,740 | 2¾ | +½ |
| Dana Pet | 28,854,090 | 21¼ | -¼ |
| Shell T&T | 23,738,860 | 448¾ | +1¾ |
| BAT Inds | 19,286,100 | 570 | -33½ |
| Aggregate | 19,257,870 | 61¼ | +¾ |
| BTR | 19,045,790 | 207 | |
| Centrica | 17,030,870 | 115½ | +1½ |
| BG | 16,202,880 | 313½ | +½ |
| MFI Fmtre | 14,282,830 | 81½ | -1½ |
| Vodafone | 13,994,740 | 629 | +½ |

| Thursday | Close price | Day's change | Day's chge % |
|---|---|---|---|
| Ups | | | |
| Xavier | 13¼ | +4¼ | +47.2 |
| Hay (N.) | 51½ | +11 | +27.2 |
| Tasmania | 2¾ | +½ | +22.2 |
| Energis | 665 | +106 | +18.9 |
| Downs | | | |
| Reflec | 8½ | -3 | -26.1 |
| BKG Res | 7½ | -2½ | -25 |
| On-Line | 18½ | -4 | -17.8 |
| Foster (J.) | 5 | -1 | -16.7 |

## INDEX FUTURES

| ■ S&P 500 | Open | Latest | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Jun | 1119.00 | 1118.50 | +7.70 | 1121.20 | 1104.00 | 105,018 | 352,160 |
| Sep | – | 1131.00 | +8.00 | – | – | 211 | 7,311 |
| **■ Nikkei 225** | **Open** | **Sett price** | **Change** | **High** | **Low** | **Est. vol.** | **Open int.** |
| Jun | 16090.0 | 15780.0 | –430.0 | 16190.0 | 15650.0 | 35,016 | 199,163 |
| Sep | 16100.0 | 15770.0 | –430.0 | 16150.0 | 15700.0 | 407 | 12,788 |

| ■ CAC-40 (200 x index) | Open | Sett Price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Apr | 3900.0 | 3952.0 | +74.0 | 3958.0 | 3900.0 | 14,555 | 36,213 |
| May | 3881.5 | 3937.5 | +76.0 | 3881.5 | 3881.5 | 51 | 607 |
| **■ DAX** | | | | | | | |
| Jun | 5164.0 | 5212.0 | +61.0 | 5218.0 | 5158.0 | 20,105 | 111,017 |
| Sep | 5228.5 | 5258.0 | +58.0 | 5261.5 | 5223.5 | 32 | 16,757 |

| ■ OMX | Open | Sett Price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Apr | 2949.00 | 2910.00 | –19.00 | 2956.00 | 2907.00 | 7,800 | 27,520 |
| Apr | 7650.0 | 7635.0 | +14.0 | 7650.1 | 7582.6 | 4,634 | 23,226 |
| May– 7602.0– – – 95884 | | | | | | | |

Open interest figures for previous day.

## WORLD MARKETS AT A GLANCE

| Country | Index | Apr 2 | Apr 1 | Mar 31 | 1998 High | 1998 Low | Yield | P/E |
|---|---|---|---|---|---|---|---|---|
| Argentina | General | 23502.39 | 23344.93 | 23394.93 | 23485.47 23/3 | 18237.49 2/1 | 2.79 | 20 |
| Australia | All Ordinaries | 2757.0 | 2752.9 | 2744.2 | 2792.80 24/3 | 2542.49 12/1 | 3.34 | 19.7 |
| | All Mining | 641.6 | 642.5 | 642.7 | 661.50 9/2 | 552.20 13/1 | | |
| *Knock-on effect from Japan's slide reflected in falls beating rises 6 to 5. News Corp and financials pushed All Ords up.* | | | | | | | | |
| Austria | Credit Aktien | (u) | (u) | (u) | 526.88 24/3 | 437.44 13/1 | 1.69 | 15.1 |
| | ATX Index | 1525.04 | 1504.25 | 1496.20 | 1525.94 2/4 | 1245.89 13/1 | | |
| *Shares closed at record highs, with traders saying the market has enough momentum to scale further heights in short term.* | | | | | | | | |
| Belgium | BEL20 | 3030.56 | 3005.82 | 2985.52 | 3041.59 25/3 | 2357.78 10/1 | 1.93 | 19.7 |
| *Merger speculation about Generale Bank, up 7 per cent, and Belgian-Dutch group Fortis, up 3 per cent, lifted stocks.* | | | | | | | | |
| Brazil | Bovespa | 11883.0 | 11837.0 | 11947.0 | 12025.80 23/3 | 8118.00 9/1 | na | na |
| *♣Shares edged higher at the opening after recent profit-taking.* | | | | | | | | |
| Canada | TSE 100♦ | 466.44 | 457.59 | 460.18 | 464.20 27/3 | 380.03 12/1 | 1.5 | 22.4 |
| | Metals Mins♦ | 4048.31 | 4103.34 | 4114.49 | 4390.01 10/3 | 3442.35 12/1 | | |
| | Composite♦ | 7515.50 | 7527.88† | 7558.50 | 7622.53 30/3 | 6239.98 12/1 | | |
| | Portfolio§§ | 3794.97 | 3811.36 | 3836.14 | 3874.99 27/3 | 3234.41 12/1 | | |
| *♣Stocks slipped as a strong performance in the gold sector was erased by weaker banking shares.* | | | | | | | | |
| Hungary | Bux | 8837.95 | 8804.59 | 8656.24 | 8837.95 2/4 | 7280.79 12/1 | na | na |
| *Trade ended at new closing high with chemicals group TVK and oil and gas company MOL performing particularly strongly.* | | | | | | | | |
| India | BSE Sens. | 3892.72 | 3989.57 | 3892.75 | 3892.72 2/4 | 3289.55 28/1 | | |
| | Crisil 500 | 735.15 | 732.57 | 715.54 | 735.15 2/4 | 584.38 29/1 | na | na |
| *Profit-taking hit a strong early rally and the market finished with modest gains.* | | | | | | | | |
| Indonesia | Jakarta Comp. | 516.40 | 523.95 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| *Economic concerns - after data showed inflation accelerating - ...* | | | | | | | | |
| Ireland | ISEQ Overall | 5344.02 | 5333.89 | [illegible] | [illegible] | [illegible] | 1.77 | 19.5 |
| *Demand for second-line stocks cancelled out light profit-taking in ...* | | | | | | | | |
| Israel | Tel Aviv 100 | 303.55 | 304.57 | [illegible] | [illegible] | [illegible] | | |
| *Prices ended lower on profit-taking in quiet trade.* | | | | | | | | |
| Italy | BCI Comit. 30 | 367.12 | 358.83 | [illegible] | [illegible] | [illegible] | 1.25 | 31.2 |
| | Banca Com Ital | 1598.81 | 1564.88 | [illegible] | [illegible] | [illegible] | | |
| | Mibtel General | 25878.0 | 25163.0 | [illegible] | [illegible] | [illegible] | | |
| *Shares closed at new highs, extending a seemingly unstoppable ...* | | | | | | | | |
| Japan | Nikkei 225 | 15702.90 | 16241.66 | [illegible] | [illegible] | [illegible] | 0.81 | 41.7 |
| | Nikkei 300 | 235.91 | 243.45 | [illegible] | [illegible] | [illegible] | | |
| Poland | WIG | 17007.7 | 17038.7 | 16864.0 | 18682.70 11/3 | – 4/2 | 1.07 | 13.9 |
| Portugal | BVL 30 | 5679.90 | 5586.63 | 5532.63 | 5679.90 2/4 | 3879.27 2/1 | 0.87 | 42.7 |
| | PSI 20 | 13208.11 | 12999.68 | 12832.51 | 13208.11 2/4 | 9031.84 2/1 | | |

## THE NASDAQ STOCK MARKET

3:15 pm April 2

## THE NASDAQ STOCK MARKET

## AMEX PRICES

3:15 pm April 2

## EASDAQ

# STOCK MARKETS

## Strong dollar prompts fresh set of highs

**WORLD OVERVIEW**

Another day, another set of record highs for European stock markets, *writes Philip Coggan*. Investors would be forgiven for being bored, were they not making so much money.

New closing peaks were set in Amsterdam, Copenhagen, Dublin, Frankfurt, Helsinki, Madrid, Milan, Paris and Zurich. The dismissal of two court challenges to Germany's participation in the euro, while expected, did nothing to harm sentiment.

Despite a small gain for the D-Mark against the dollar, the strength of the US currency over recent days (particularly against the yen) was seen as positive for European markets.

It was a completely different picture in Asia, where the second quarter has started bleakly. In Tokyo, the *tankan* survey revealed the weak state of business confidence, with a balance of 31 percentage points of major manufacturers revealing a gloomy outlook.

Those sentiments were confirmed by remarks from Norio Ohga, chairman of Sony, who said the Japanese economy was on the verge of collapse and could enter a long deflationary spiral.

"There is a general feeling of pessimism throughout the country," he said.

Another prominent businessman, Heinrich von Pierer, chairman of Siemens, said yesterday that Asia's financial crisis may last two to three years.

And although world stock markets were buoyant in the first quarter, there are signs that they are worried about the potential effect of Asia on growth.

The best performing sectors in the FT/S&P World indices over the period were business services and computer software (despite some profit warnings in the US) and three fairly defensive areas in the form of utilities, life insurance, and beverages and tobacco.

The worst sectors were mainly cyclical: real estate, electronics and heavy engineering. The implication is that investors are looking for a slowdown in world economic growth.

The market's attention today is likely to be focused on the US non-farm payroll figures, which may give a clue to the Federal Reserve's interest rate policy. The consensus forecast for the increase in employment is 235,000.

On the overall unemployment number, Bob Craven, of the Fixed Income Management Group in San Francisco, says the risk is for a lower reading than the consensus of 4.6 per cent. "The US is headed to 4.4 per cent in 1998," he believes.

London market, Page 32
Currencies, Page 25

## Second day of gains lifts Dow to 8,900

**AMERICAS**

US shares continued to move broadly higher for a second straight day and by midsession, the Dow Jones Industrial Average had regained the 8,900 point level, *writes John Labate in New York.*

"We're settling in to a view that the uncertainties of the past few months are manageable and not potentially cataclysmic," said James Weiss, deputy chief investment officer of equities at State Street Research in Boston.

Recent economic reports, plus company warnings, continue to suggest that the full impact of the Asian crisis on US corporations has yet to be felt, but may be more muted than some had expected.

Although few had expected the Federal Reserve to boost interest rates this week, the fact that the market has put the meeting behind it has also helped to encourage investors.

By early afternoon, the blue chip-based Dow had gained 49.32 to 8,917.64. The Standard & Poor's 500 index rose 4.52 to 1,112.67.

Among Dow shares, General Electric climbed $1$\frac{3}{16}$ to $87¼ after it said that GE Capital had acquired a Canadian information technology company. International Paper also gained $1¼ to $49$\frac{11}{16}$.

Speculation that Morgan Stanley Dean Witter would sell a unit to Chase Manhattan sent both financial stocks higher. Chase gained $2¼ to $137¾ while Morgan Stanley rose $1¾ to $74.

Retail stocks had some strong performers, with Nordstrom rising $2¼ to $65¼. Starbucks gained $1$\frac{7}{16}$ to $47¼ after it revealed new same store sales figures.

Yellow Corp rose $$\frac{15}{16}$ or 4.8 per cent to $20$\frac{5}{16}$ after analysts at Gruntal raised its rating to a "strong buy".

Technology stocks were strong as well. The Nasdaq composite index rose 6.33 to 1853.99. Internet company America Online rose $2 to $74$\frac{13}{16}$ after Bear Stearns began coverage of the company with a "buy" rating.

Semiconductor stocks moved higher, sending the Philadelphia Stock Exchange's chip index 3.06 or 0.99 per cent higher to 313.35. LSI Logic climbed $$\frac{7}{16}$ to $28, but industry leader Intel lost $¾ to $76¾.

**TORONTO** was weak at midsession as a strong performance in the gold sector was overshadowed by weak banking stocks.

The overall index extended its losses into a fourth straight session, falling 11.66 by midsession to 7,516.20.

TrizecHahn Corp eased 10 cents to C$33.40 after its announcement that it planned to build a live broadcast theatre in Hollywood, which would be the new home of the Academy Awards.

The theatre will be part of the $350m Hollywood and Highland project, which will include retailers, film studio facilities, restaurants and other attractions.

CHC Helicopter Corp was suspended ahead of news that its chief executive had resigned after a boardroom disagreement on the company's direction.

## Mexico City winds down

**MEXICO CITY** edged higher on position adjustment as trading thinned ahead of the Easter holiday.

While the Mexican financial markets are scheduled to be closed on April 9 and 10, market participants are expected to start their holidays as early as today.

The IPC index rose 0.05 to 4,899.16. Benchmark Telmex fell 5 centavos to 24.05 pesos on light profit-taking, while retailer Gigante fell 1 centavo to 3.59 pesos.

**SAO PAULO** was supported by strong fundamentals and privatisations, but the declines in Asia capped a strong rise in share prices. The Bovespa index rose 46 to 11,883.

**BUENOS AIRES** edged up, but investors maintained a cautious eye on talks between the International Monetary Fund and the government over Brazil's breach of its trade deficit limit, part of the country's agreement with the IMF.

The Merval index advanced 3.43 to 714.09.

## Dollar helps Dax motor on

**EUROPE**

Shares in **FRANKFURT** racked up another record high on the back of a strong dollar and good performances in both motor and financial stocks. The Xetra Dax index closed 43.69 higher at 5,179.04.

BMW continued its sharp rise, roaring up DM125 to DM2,209 as Merrill Lynch raised its price target for the stock to DM2,700 and Lehman Brothers raised its earnings estimate.

VW added DM36 to DM1,487 and Daimler-Benz edged DM3 higher to DM174.20.

Mannesmann continued to rise, adding DM76 to DM1,506 after the company said earnings per share rose to DM26 in 1997 from DM22 a year earlier.

Deutsche Bank put on DM1.70 to DM141.50 after forecasting it would be able to double pre-tax profits to DM9bn by 2001.

Dresdner Bank rose 56 pfg to DM86.05 and Commerzbank was DM1.20 higher at DM68.60.

Siemens, the biggest loser in the floor session, closed DM4.90 lower at DM119.55 after the chairman, Heinrich von Pierer, said the group's new orders had been hit harder than expected by the Asian crisis.

**PARIS** saw a continuation of its bull run as the CAC 40 index picked up to an intraday peak of 3,956 before retracing to close 52.57 or 1.4 per cent higher at a record 3,935.88.

AGF was an outperformer among the financials, rising FFr15.20 or 4.2 per cent to FFr375, still benefiting from last week's recommendation from Société Générale and on speculation that the stock may return as a CAC index constituent.

BNP rose FFr17 to FFr513, targeted by buyers looking to banks as a potential restructuring play.

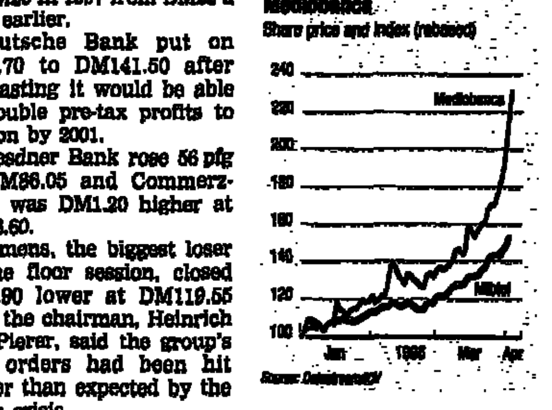
On the downside, Dexia, the Franco-Belgian banking group, tumbled FFr65 to FFr794 on profit-taking and on some disappointment with the group's 1997 results, published on Wednesday.

**ZURICH** extended its latest record-setting run into a fifth consecutive session as further foreign demand was seen for financials. However, trade was said to be increasingly nervous with prices moving in a tight range. The SMI index rose 23.3 to 7,633.8.

Merger partners UBS and SBC returned to favour on the view that they may prove better short-term plays than CS Group. UBS shot up SFr61 to SFr2,556 and SBC added SFr13 to SFr550.

CS Group picked up another SFr4 to SFr319 although analysts said that the recent rumour mill had slowed after Deutsche Bank again denied talk of any deal with the Swiss bank.

**Mediobanca**
Share price and index (rebased)




Source: Datastream/ICV

The recently volatile insurer, Baloise, a repeated focus of merger rumours, jumped SFr55 to SFr3,215.

Construction group and cement maker, Holderbank, a recent market laggard, shot up SFr34 to SFr1,649.

Pharmaceuticals ran into profit-taking, which sent Roche certificates down SFr1275 to SFr16,375, while Novartis gave up SFr5 to SFr2,695.

**AMSTERDAM** closed almost 1 per cent higher at a fresh record, helped by a strong 1997 earnings announcement by ING Barings. The AEX index rose 10.33 to 1,153.03, shrugging off caution caused by the weakness in Asian markets.

ING rose Fl 6.10 to Fl 125.70 as it reported a 24 per cent rise in profits and announced a change in its accounting method that would add Fl 1bn to this year's profits.

Akzo Nobel, the chemicals group, was traded actively on reports that it was bidding for Courtaulds of the UK, but finished down Fl 2.80 to Fl 418.70.

**MILAN** rallied 2 per cent, supported by declining bond yields, which continued to prompt investors to shift funds into equities. The Mibtel index closed up 515 at a record 25,678.

Mediobanca, which has risen more than 25 per cent since it announced its L2,100bn capital increase last Friday, was suspended before the market's close at L32,150, up 9.7 per cent from the previous close. Eni rose L492 to L12,890 as a recovery in oil prices triggered bargain hunting.

**HELSINKI** closed at a record high, largely due to strength in Nokia. The Hex index closed up 52.29 or 1.2 per cent at 4,463.13.

The telecommunication group rose FM7 to FM619, while Sampo, the insurer, added FM7.40 to a record FM237.40. Shares in telephone operators rose on expectations of consolidation in the sector. Helsingin Puhelin, which raised its stake in mobile telecoms operator Radiolinja, rose FM13 to FM199 and Tampereen Puhelin gained FM2.40 to FM49.

Written and edited by Michael Morgan, Emiko Terazono, Peter Hall and Paul Gregan

**FTSE Actuaries Share Indices — European series**

April 02

| National & Regional Markets | Ecu Index | Day's % | change points | Yield gross % | xd adj ytd | Total retn (Ecu) |
|---|---|---|---|---|---|---|
| FTSE Eurotop 300 | 1238.62 | +0.64 | +7.90 | 1.67 | 6.20 | 1253.60 |
| FTSE Eurotop 100 | 2864.20 | +0.97 | +27.52 | - | - | - |
| **FTSE Eurotop 300 Regions** | | | | | | |
| 300 UK | 1215.00 | +0.03 | +0.38 | 2.75 | 11.38 | 1247.78 |
| 300 Ex-UK | 1252.77 | +0.98 | +12.18 | 1.40 | 1.69 | 1267.80 |
| 300 Eurobloc | 1230.61 | +1.08 | +13.15 | 1.57 | 2.04 | 1257.53 |
| 300 Ex-Eurobloc | 1247.32 | +0.33 | +4.15 | 2.08 | 7.47 | 1288.59 |
| **FTSE Eurotop 300 Economic Groups** | | | | | | |
| Resources | 1048.40 | +0.63 | +6.67 | 2.61 | 3.62 | 1087.13 |
| General Industries | 1164.54 | +0.96 | +11.08 | 1.74 | 4.67 | 1172.61 |
| Consumer Goods | 1200.20 | +0.49 | +5.80 | 1.53 | 5.32 | 1218.76 |
| Services | 1191.72 | +0.44 | +5.20 | 1.84 | 4.51 | 1205.93 |
| Utilities | 1342.71 | -0.14 | -1.90 | 3.28 | 1.84 | 1361.01 |
| Financials | 1378.46 | +0.76 | +10.40 | 1.77 | 7.27 | 1394.30 |

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## Blue chips give index record

**SOUTH AFRICA**

Johannesburg closed at a second straight record high as foreign investors bought up industrial blue chips.

The overall index closed 67.2 higher at 7,778.0 as industrials rose 133.1 or 1.5 per cent to 9,130.1.

Golds eased 19.9 to 823.1 as bullion held around $299 an ounce. Financials could make no further progress after Wednesday's rise. De Beers surged 4.9 per cent higher to R116 and Anglo added 2.8 per cent to R247.80.

**MARKET FOCUS**

## Borsa's mutual funds in full flow

The monetary union argument was expected to push up Madrid's stock market – and it did so with a vengeance. The Bolsa's broad-based index has put on 40 per cent since the beginning of the year, almost as much as the market achieved in the whole of 1997.

What will happen now Spain has passed the convergence test and will be a start-up euro member? Logic would suggest a lull.

"Valuations are starting to look a bit stretched," said Frederick Artesani, an equity strategist at the Madrid firm Antorcha Financiera. "But there are enough fundamental arguments to avert a serious correction and the flow of funds is very much in place."

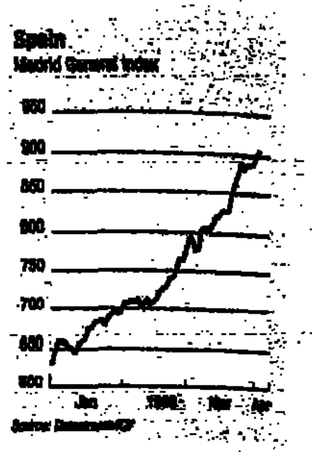
If this is so, the fundamentals will give the Bolsa the up-and-up momentum that has characterised it for the past 16 months. A reasonable scenario has the lull over just before the summer, when analysts are likely to increase profit estimates.

According to the fundamentals argument, consumer demand has rallied while companies have improved expenditure controls, kept salary increases at a moderate 2.4 per cent and can look forward to lowered financial costs as interest rates come down.

The compelling feature of the Bolsa remains, however, the flow of funds. Since January the volume of mutual funds has been growing by an average Pta1,000bn ($6.4bn) a month, double the rate of last year.

Never has so much been happening on the Bolsa. A Telefónica rights issue worth Pta427bn begins its subscription period on Tuesday. It competes with a Pta163.6bn issue by Banco Central Hispano, the biggest capital raising issue by a domestic bank, which commenced last month, and with the privatisation of Tabacalera, a market disposal worth Pta350bn, which will be completed on April 27.

**Spain**
Madrid General index




Source: Datastream/ICV

As soon as it sells its 52 per cent stake in Tabacalera, the government will be launching Endesa III, a placement that will reduce its equity in the big power group from 41 per cent to about 16 per cent.

This could realise Pta800bn, the biggest Bolsa disposal to date.

Investors are, meanwhile, increasingly drawn to small-cap and medium-cap issues. Sol Melia, the hotel group that kick-started enthusiasm for new listings in June 1996 with a $275m IPO of 40 per cent of its equity, tapped the markets again this week with a public offering for stock in its Latin America subsidiary, Meliá Inversiones Americanas.

The lure for investors is the remarkable performance of Telepizza, the fast food company that was floated on the Bolsa less than 18 months ago that has since revalued by more than 980 per cent.

Telepizza now has a market capitalisation of Pta257bn, a value that is higher than that of ACS, Spain's fourth-biggest construction company which joined the Ibex-35 index of most traded stocks last month.

**Tom Burns**

## Tankan sends Tokyo tumbling

**ASIA PACIFIC**

Signs of deepening gloom in Japan's economy unnerved investors, and sent the Nikkei 225 average below the 16,000 mark for the first time since February 26, *writes Michiyo Nakamoto in Tokyo.*

Market sentiment worsened on concerns that more corporations will have to book losses on their equity holdings, following news on Wednesday that Marubeni, the trading company, would fall into loss for the first time because of equity evaluation losses.

The Bank of Japan's quarterly *tankan* survey of business sentiment was also a grim reminder of how bad the situation has become.

Although gloomy news from the bank had been expected, the survey brought home the seriousness of the situation, said Ryoji Musha, strategist at Deutsche Morgan Grenfell in Tokyo.

The share support operation carried out by the government, under which trust funds came into the market to buy shares on behalf of postal funds, also appeared to have backfired.

Investors sold issues that had been supported but which they judged to have risen above sustainable prices. The Nikkei average fell 538.76 or 3.3 per cent to 15,702.90.

At one stage, the index dropped more than 600 points to a low of 15,634.47 before recovering. The day's high was 16,215.28.

Volume rose to 700m shares from Wednesday's 550m. Losers outnumbered winners 1,147 to 83, while 44 were unchanged.

The Topix index of all first-section shares dropped 42.17 to 1,189.36.

Bank shares were heavily sold. Dai-ichi Kangyo Bank fell by the maximum permissible Y100 to Y800 as did Tokai Bank, which lost Y100 to Y668.

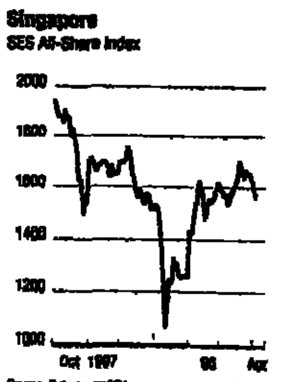
Industrial Bank of Japan, which said it would post an equity appraisal loss of Y245bn, declined Y34 to Y806.

**SEOUL** tumbled 3.1 per cent as concerns over Zenith Electronics, the US colour television maker whose majority stakeholder is the LG Group, triggered a sell-off.

The composite index dropped 14.56 to 453.66 as Zenith gave details of its financial restructuring.

Zenith warned that the restructuring would probably lead to "massive dilution" for its shareholders.

**Singapore**
SES All-Share index




Source: Datastream/ICV

LG Electronics lost Won2,200 to its daily limit of Won16,400 while LG Semicon retreated Won2,000 to Won15,000.

Foreign investors dumped other semiconductor makers, and Samsung Electronics fell Won6,100 to Won631,000.

**KUALA LUMPUR** dropped 2.3 per cent as concerns about the health of the business sector were exacerbated by programme selling by a number of brokers. The composite index lost 15.78 to 684.27.

Analysts noted that concerns had been raised by news that construction company Wembly Industries had been placed in receivership.

The financial sector, which dropped 3.1 per cent, led the losers. Maybank slumped 70 cents to M$13.30 and Public Bank gave up 8 cents to M$1.73.

**SINGAPORE** was unsettled by regional developments, particularly in Japan, and the Straits Times Industrial index lost 31.52 or 2 per cent to 1,568.60. Motor retailer Cycle & Carriage was the biggest loser, falling 60 cents to S$6.20.

**HONG KONG** recovered some early losses, but still closed sharply lower with sentiment hit by the hefty losses in Tokyo and the weak yen.

The Hang Seng index finished 141.71 or 1.3 per cent down at 11,189.71 after hitting a low of 11,097.14.

Properties saw heavy selling which left Cheung Kong down 75 cents at HK$58 and Sun Hung Kai Properties HK$1.50 lower at HK$50.50.

HSBC Holdings was unchanged at HK$231, but Hang Seng Bank dropped HK$2.50 to HK$71.25.

**JAKARTA** lost ground as pessimism over economic growth and rising inflation depressed sentiment.

The composite index fell 7.55 or 1.4 per cent to 516.4 with the agriculture and infrastructure sectors seeing profit-taking.

RICHARD DONKIN

# Lessons in commitment

## Employee development can produce a more switched-on and loyal workforce

Strolling through the headquarters of ScottishPower in Cathcart, Glasgow, last week felt at times like being back at school. At other times it could have been a health centre or a sports club. The last thing it looked like was that place we have come to regard as work.

In one room a schoolgirl was sitting in front of a computer, her mother by her side. In another a dentist was leaning over his patient while further along the corridor a physiotherapist applied ultrasound treatment to an injured leg.

Walking through some swing doors we came across people astride cycling machines. Turning the corner we found another group of people practising first aid. I was assured that there was plenty of work going on as well. In fact Steve Dunn, ScottishPower's human resources director, believes that the investment is paying dividends in creating a plugged-in, switched-on workforce committed to building a career with the company.

The centre, which replaced a redundant plant in the basement, is one of several being established throughout ScottishPower sites and Manweb and Southern Water subsidiaries as part of a comprehensive, three-pronged human resources strategy that focuses on employee involvement, development and support.

A commitment to employee involvement has led to close working relationships with the five trade unions represented within the company. This includes a works council and twice-yearly informal dinners between Ian Robinson, the chief executive, and full-time union officials.

"This is an open meeting where views can be exchanged in confidence and the trade unions can get early information about the future strategy. We're trying to create an environment where staff can have their say and receive answers in a non-threatening way," says Mr Dunn.

Such close co-operation has enabled the company to restructure from the centralised national wage-bargaining framework that existed before privatisation in 1991 to business-level bargaining that takes account of varying salary levels in different business sectors.

Wage rates in the retailing division tend to be lower than those in power

**'It's not unusual to see whole families coming in to study a language at weekends'**

generation, reflecting the rates elsewhere in the sector. But this has enabled the retail business to move from an annual loss of £5m in 1991 to profits of £15m today while, at the same time, increasing its employees from 350 seven years ago to a total of 2,500 today.

"The trade unions didn't like moving to different pay rates but they recognised it was necessary to survive in that market," says Mr Dunn.

The company also brought in senior retailing management from outside to develop the business but today the emphasis has shifted strongly to internal staff development. The company has established relationships with eight universities from which it draws the bulk of its graduate intake. Some £4.5m has been invested in job specific training centres in three sites across the group.

A management succession planning process has been installed using assessment centres and psychometric testing, and the company has created a business leadership programme in partnership with Wharton Business School in Pennsylvania.

This allows faculty staff to come into the company and run workshops with managers looking at specific needs of the business and developing skills and behaviour regarded as necessary in managers to take the business forward to 2005.

Alongside these business development programmes ScottishPower has set up open learning opportunities for employees throughout the group. It has 46 centres around the UK, which offer some 700 programmes from conversational French to an MBA course.

"All we ask from employees is their own time to pursue these studies. We extend the facilities to families and it's not unusual to see whole families coming in to study a language at weekends," says Mr Dunn.

"It isn't all altruism. The HR strategy is about supporting the business strategy. Our on-the-job training budget is upwards of £20m. That delivers the working processes that makes our business the lowest cost distributor in the country."

The company has begun to push out its open learning system to schools and has also committed itself to help the young unemployed. Some 400 unemployed young people have undergone training programmes. A quarter of those have since found jobs or have returned to full-time education. The company is doing this sort of thing because it believes it is right, but it would also seem to make sound business sense, particularly where customers have a choice of utilities.

Where competition for skilled employees and loyal customers is becoming increasingly intense, this root-and-branch approach to people development would seem to have much to recommend it.

### Living abroad

Companies that want their employees to be able to access information about living and working conditions in a country before going there may be interested in an on-line service offered by a US company called Living Abroad.

The service provides information on housing, schools, tax arrangements, local customs, on how to conduct business overseas and on the red tape associated with an expatriate assignment.

Individual country information can be accessed for $30 (£18) a time but the company will provide a customised version for company intranets for $24,000 at the highest level.

Information samples can be accessed on the website: *test.living abroad.com.* In the box that asks for a user name write the word "test". In the box that asks for a password write the numbers "242".

Some of the information is the sort you might get much more cheaply from a good travel guidebook. The section on England has some interesting observations. Whoever wrote "Chivalry is alive and well in Britain" has not travelled on the London Underground during the rush hour. Neither is there anything explaining that if you value your life you should stand to the right on underground escalators.

That said, it includes detailed financial and tax information and is regularly updated. Customising the site allows companies to add their own arrangements, such as whether they pay for schools or how many trips back home they will fund each year.

WORKING BRIEFS

## An exercise in appealing to a wider range of employees

Where personnel managements used to to talk about equal opportunities the "in" word today is diversity. Diversity management does not assume that we are all the same, but stresses individual differences. The idea is that companies should try and reflect in their employment structure the wider society in which they operate.

To give those still confused by the differences some idea of what is involved, the Institute of Personnel and Development has published "Tools for Managing Diversity", a set of exercises designed to help companies devise their own strategy.

The exercises, developed and tested by Pearn Kandola, the Oxford-based occupational psychologists, help managers find ways to make their company appealing to people from a wide range of backgrounds. The pack costs £450.
*Tel: 44 1752 202301*

## More IT jobs

Adding to the statistics on information technology workers issued last week by International Business Machines, Alan Schonberg, president and chief executive officer of MRI, the search and recruitment company, told delegates at the World Leaders in Recruitment Conference in London last week that the US has 2m IT workers, 190,000 IT vacancies and expects to have 500,000 vacancies by 2000. There are already more jobs than workers in the US, according to Mr Schonberg, and businesses will face shortfalls in candidates for many years.

## New skills

An Industrial Society survey of 344 personnel specialists has noted increasing interest among employers in competency- based pay. This is the idea of giving pay increases when people learn a new skill. Some 53 per cent of the respondents said competency-based pay was popular with employees, against 5 per cent who said it was unpopular. A majority also said they preferred the approach to managing performance-related pay.

The only danger of such systems – which is not mentioned in the report – is that without proper supervision and scope for maintaining skills, some employees could find themselves a jack of all trades and master of none. Even flexibility has its price.
*Tel: 44 121 410 3000*

# Relationship Executives

**City** **c £100,000 Package**

### *Making a real difference to risk management and control*

So many organisations seem to promise that change is just around the corner but when the change comes it proves to be merely a slight shift in focus. Real change can only be brought about by a fundamental re-evaluation of the purpose and objectives at the heart of a function or organisation. Our client, one of the largest financial services groups in Europe, has recently completed such a re-evaluation for its Internal Audit function. The result is a new strategic approach which will enable the delivery of an Internal Audit service which excels and which will make a significant contribution to risk management and control across the whole group.

### *Business Partners with Management*

Central to the implementation of the new audit strategy is the establishment of a small number of relationship executive positions aligned to key business customers and process owners. These relationship executives will draw from a large multi-skilled team of audit professionals as necessary to support the delivery of value driven audit work. They will need to establish effective working relationships with the most senior executives of the business to achieve a common view of risk through a deep understanding of the business and then to ensure the audit process is driven with the success of the business first and foremost in mind.

**Relationship Executives are required for each of the following areas:**

- Change & Development Risk
- Information Technology
- Corporate Banking & Credit Risk
- Investments & Private Banking
- Cards, Mortgages & Insurance
- Retail Banking

### *Building a culture of excellence*

The relationship executive is a champion of audit's commitment to supporting operational excellence. They will have senior level responsibility for the delivery of the audit service to their area. This will include providing an independent audit opinion on the effectiveness and efficiency of internal controls and ongoing advice on risk management issues. Whilst continuing to provide independent assurance, they will also be providing an advisory function and consulting service to the business in general matters of internal control. They will be expected to apply a strategic approach to key customer relationships, finding workable solutions to control weaknesses and developing reporting that addresses the needs of multiple businesses. As a team leader and important member of management, they will be helping to build a culture that promotes the achievement of individual and collective performance potential, where there is respect for every individual, encouragement of initiative, creativity and commitment to stewardship.

### *Using your knowledge and skills*

Candidates for these roles will be well rounded professionals with risk management, auditing, accounting and/or banking backgrounds. An essential requirement is a comprehensive knowledge of the relevant business area. Given the nature of the roles an ability to maintain an independent perspective and a balance between stewardship, corporate governance and business management will be important. Candidates will have proven ability to establish effective business relationships, strong conflict resolution skills as well as influencing and negotiating skills. A high learning agility coupled with the ability to motivate and lead staff in a matrix environment with conflicting demands and the creativity to identify control related alternatives or opportunities will be crucial.

If you believe that you have the skills and personal attributes necessary please write, enclosing a CV, to Sarah Hunt or Stephanie Warren at Michael Page City, 50 Cannon Street, London EC4N 9JJ. Fax 0171 329 3426. Alternatively you can telephone them on 0171 269 1846. Please quote the relevant reference number. e-mail: sarahhunt@michaelpage.co.uk

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CREDIT SUISSE | FIRST BOSTON

# Head of Credit

**European Corporate Transactions**

**London** **£ Excellent Package**

Credit Suisse First Boston is a leading global corporate and investment bank providing comprehensive financial advisory, capital raising, sales and trading and financial products for clients around the world. It operates in over 50 offices across more than 30 countries and six continents and has over 10,000 employees. Continued business development and a new strategic approach to credit has created the requirement to appoint a London based Head of Credit to focus on the European corporate business.

Responsibilities will include:

- Credit approval for a full range of European transactions.
- Liaising with corporate and investment banking to oversee the credit enhancement of transactions.
- Building and managing a team.
- Overseeing and developing further corporate credit policy.

Successful candidates are likely to possess:

- Formal credit training with a minimum of ten years corporate credit experience.
- Experience of complex cross-border leveraged transactions.
- Knowledge of a broad range of European industry sectors.
- A second European language (preferable but not essential).

At present you will probably be in a senior corporate credit role with strong generalist corporate exposure and a 'can do' approach to transaction approval. For the right candidate, this Director level appointment represents an excellent opportunity to bring your skills to a market leader. An attractive salary package will be offered and will entirely reflect your experience.

Interested candidates should contact Tim Smith or Robin Keck on 0171 269 1872. Alternatively, write to them, enclosing a full curriculum vitae and current compensation details, at Michael Page City, 50 Cannon Street, London EC4N 6JJ, quoting reference 411377, fax: 0171 329 2986, e-mail: city.corp.bank@michaelpage.com

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International Investment Bank

# TAX MANAGER

EXCELLENT PACKAGE / LONDON

A leading international investment bank with a major presence in all of the principal capital and financial markets. The London office provides a full range of brokerage and investment banking services and oversees offices across Europe and the Middle East.

**THE POSITION**

- High-profile role providing sophisticated tax engineering advice across diverse business and product areas.
- Pivotal role in new product development within flexible business structure. Provide tax expertise across all areas of the bank.
- Advise management and drive major initiatives. Build and manage small team.

**QUALIFICATIONS**

- Bright graduate. ACA and/or ATII qualified with a minimum of four years' relevant post-qualification experience, ideally gained within an investment bank.
- First-class technical ability combined with the creative flair to develop the business and establish workable solutions to complex tax issues.
- Exceptional communication skills. Self-motivated, proactive and flexible approach. Ability to work with and influence senior management.

SAINTY HIRD & PARTNERS

SHP ASSOCIATES

Please send a full cv and current salary details, quoting reference 980304, to SHP Associates, Aldermary House, 10-15 Queen Street, London EC4N 1TX. Tel: 0171 815 8888. Fax: 0171 815 8800. E-mail: shpa@shpa.co.uk

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***London*** ***Excellent Package***

This company is a major international group with a high profile in the entertainment industry. They have recently established their European headquarters in the UK and are committed to securing a leading position in the European market through an aggressive expansion scheme.

The individual will be part of the senior management team and will be responsible for exploring potential business development opportunities throughout Europe. The role will involve the formation and implementation of corporate development strategies via acquisitions, mergers and joint ventures. This will be accomplished by strategic country-by-country analysis of business opportunities and will involve significant liaison at a senior level with potential targets.

A linguist, you will be fluent in English and at least two European languages, with an international perspective and the flexibility to travel. Ideally, you will be a graduate with either an MBA from a leading business school or ACA with experience in investment banking, a leading strategic consultancy or a blue-chip commercial organisation.

Financially literate, you will have the ability to prepare and analyse complex financial models and to initiate, promote and close joint venture agreements, initially under the guidance of a company director. A self-motivated individual, with strong interpersonal skills, you will thrive in a challenging and autonomous environment.

This is an outstanding opportunity to join an established international media group, and career enhancement prospects are excellent. The remuneration package will include a competitive base salary depending on experience, a company car, performance related bonus and other benefits expected of an international company.

For further information, please send a full résumé, quoting reference number 2879/32 to Tania Wild or Steve Williams at Morgan & Banks PLC, Brettenham House, Lancaster Place, London WC2E 7EN or if you prefer, telephone 0171 240 1040. Fax number 0171 240 1052.

e-mail: info@morganbanks.co.uk

http://www.morganbanks.com.au

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INTERNATIONAL

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PARIBAS

Senior Quantitative Analyst

London £ Excellent Package

Paribas is a leading international investment bank operating in 60 countries. It offers a full range of banking activities which include Investment Banking, Asset Management and Retail Financial Services.

Due to recent growth and expansion, its Asset Management arm is now seeking to recruit an experienced Quantitative Analyst to join the research team in London.

Reporting directly to the Director of Research, the successful candidate will play a key role within this function. He/she will assist in the determination of investment strategy, with responsibility for constructing asset allocation models. In addition, the analyst will also help in providing in-depth analysis of global equity, bond and currency markets.

Applicants are likely to be high calibre graduates with a further degree (MSc or PhD) in mathematics, engineering or the physical sciences. The role demands that you should display considerable aptitude in the application of quantitative techniques and possess strong programming skills.

A minimum of four years' experience of the numerical methods and asset allocation models and techniques is essential.

This is a challenging opportunity for an exceptional individual to join a talented and entrepreneurial team. Self motivation and excellent communication and interpersonal skills are a pre-requisite.

Interested candidates should contact Alastair Richardson on 0171 269 1887. Alternatively, write to him at Michael Page City, 50 Cannon Street, London EC4N 6JJ or fax him on 0171 329 2986. Please quote reference 397976.
e-mail: alastairrichardson@michaelpage.com

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# Schroders

## Corporate Finance Executives & Analysts

Schroders is a leading international investment bank with a successful track record in its chosen markets and a strong and stable organisational structure. Our Corporate Finance Division enjoys a reputation for excellence and a strong deal flow. The Division is one of the leading financial advisers to a range of blue chip clients, both domestic and international.

Our activities include the origination, structuring, execution and, where appropriate, financing of public and private acquisitions and disposals, defences, mergers, joint ventures, demergers and other transactions. We are also active in domestic and international equity capital markets, working with major corporates and governments in the structuring and execution of primary and secondary equity and equity-linked transactions to meet the needs of issuers and investors worldwide.

We intend to recruit a number of talented and ambitious individuals to join the Division as Executives or Analysts. Initially, as part of a small team, the role will involve assisting in the development of client relationships, the execution of a variety of transactions and business development.

We are looking for candidates with up to two years' corporate finance experience at Executive or Analyst level, or recently qualified accountants and lawyers. Intellectual prowess, excellent technical and analytical skills and a desire to succeed are all vital. In addition, initiative, creativity and well-developed interpersonal and teamworking skills will be necessary for new Executives or Analysts to realise their full potential.

**If you consider that you match these criteria and are interested in becoming part of Schroders' success story, you should write, enclosing a full curriculum vitae, to Rachel Hartley at Schroders, 120 Cheapside, London EC2V 6DS, quoting reference ECFD/Per/Ad or via e-mail to Rachel.Hartley@Schroders.com. Alternatively, contact Rachel Hartley for an informal and confidential discussion on our dedicated telephone line on 0171 658 5432.**

INTERNATIONAL INVESTMENT COMPANY

# SENIOR LEVEL SECURITIES SALES POSITIONS IN RUSSIA

HIGHLY COMPETITIVE PACKAGES

**THE COMPANY:** Our client is an international investment company looking to develop and expand their equity and fixed income sales operations in Moscow. The company's core activities include sales and trading, investment banking, asset management and research.

**THE ROLES:**

**HEAD OF EQUITY SALES - FT3221**

The successful candidate, with excellent sales skills and product knowledge, will be responsible for expanding the Company's client base, directing and coordinating the sales effort, communicating with foreign portfolio managers and conveying information about Russian equities.

**HEAD OF FIXED INCOME SALES - FT3222**

The successful candidate will be responsible for developing a fixed income sales department. Specific requirements include hiring and managing sales staff, developing and introducing new products and services, developing and managing client relationships, marketing the Company, and handling media relations. The candidate will be responsible for marketing to international and domestic financial institutions.

**THE PEOPLE:**

The ideal candidates will:

- have extensive equity or fixed income sales experience
- have strong knowledge of equity or fixed income products and services
- have good Western contacts
- be fluent in English

*Please forward your full resumé in the strictest confidence, quoting the appropriate reference no. to:*
*Antal International, Premier House, 77 Oxford Street, London W1R 1RB*
*Tel: + 44 (0) 171 439 1188 Fax: + 44 (0) 171 437 1519 e-mail:cv@antal-int.com*
*Antal International, PARUS Business Centre, 1st Tverskaya-Yamskaya,23, Moscow, 125047, Russia*
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Department of Trade and Industry

# Director General of Research Councils

**A critical appointment for the success of the UK's science, engineering and technology base, involving a high profile, the ability to deal with sensitive and difficult issues, and direct ministerial access.**

The Director General of Research Councils is responsible for advising the President of the Board of Trade, as the Cabinet Minister for Science, on the strategy for the Science Budget (currently £1.33 billion), and on the distribution of resources to the Research Councils, the Royal Society and the Royal Academy of Engineering to deliver the UK Science, Engineering and Technology base.

The Research Councils promote and support research and post graduate training in the United Kingdom to increase knowledge, promote the quality of life and further national competitiveness. They work with the Universities, Industry and Commerce. The Director General is responsible for the effective operation of the Research Councils within the framework set out in the 1993 White Paper "Realising our Potential".

The Director General of Research Councils will have direct access to the President of the Board of Trade as well as the Minister for Science, Industry and Energy, and will work closely with the Permanent Secretary of the DTI and the Government's Chief Scientific Adviser.

This is a Senior Civil Service appointment and a salary of £100,000 is offered (more may be available in certain circumstances) plus normal Civil Service benefits. The vacancy arises on the completion of the contract of the incumbent, Sir John Cadogan, on 31st December 1998. The post will be offered on the basis of a three year contract with the possibility of a further two year extension. The position is located in London.

The Department of Trade and Industry is an Equal Opportunities Employer.

nmc&kay management

Expressions of interest should be sent to Douglas Fraser at nmc&kay management, by Monday 27 April, following which further details, including information on the selection process, will be forwarded.

nmc&kay
7 Old Park Lane
London W1Y 3LJ
Fax: 0171 495 2654
Email: london@nmc-kay.com

# *International Equity Product Specialist*

London base

Morgan Stanley Asset Management, part of the leading US Investment Bank, Morgan Stanley Dean Witter, is currently raising its profile worldwide with a programme of targeted expansion and growth.

In line with this recent expansion, a new opportunity has been created for an International Equity Product Specialist within our Client Service Team to become a focal point of expertise for the equity products managed from our London office (total assets under management in London currently $23.9 billion).

Acting as a primary contact for our rapidly growing base of internal and external clients throughout the world, you will support key decision makers with continuously updated, in-depth product information. A core element of the role will be effective client relationship management, involving some travel to cement current partnerships and support new business development.

A self-motivated team player with confident interpersonal and communication skills and clear management potential, you will demonstrate a proven interest in developing and maintaining client relationships along with a broad general investment knowledge. At least six years' relevant financial experience, possibly including portfolio management, is essential, backed by a business-related degree and, ideally, further professional qualifications.

In return, we are uniquely equipped to offer you secure career development prospects within a progressive, ambitious and forward-looking business. Rewards are commensurate with our status as a major global player in the financial services market.

To apply, please write with full CV to: The Response Handling Team, Ref:2132, Associates in Advertising (AIA), 5 St John's Lane, London EC1M 4BH. Closing date: Friday 17th April.

***MORGAN STANLEY ASSET MANAGEMENT***

*Morgan Stanley Asset Management Limited, Regulated by IMRO.*

# SENIOR CLIENT RELATIONS EXECUTIVE

## Geneva

One of the world's largest investment management organisations is experiencing rapid growth in the European sector. As a result, they are seeking to appoint a Senior Client Relations Executive to take responsibility for marketing and client relationships across German-speaking Europe. The role will be based in Geneva and will target a largely institutional client base.

To qualify for this key position, you will be a results orientated self-starter looking forward to developing this established business into a significant part of the company's pan-European activity. Prior knowledge and experience of the fund management sector is highly desirable, but we will consider candidates with 7-8 years' finance-related business exposure, preferably in an international environment. You must also demonstrate initiative and exceptional communication skills, including fluency in German or, preferably, Swiss-German and English.

The company offers an attractive salary and full benefits package.

***Please apply, in confidence to Elizabeth Williamson at:***

**Shepherd Little & Associates Ltd**
**Cleary Court, 21-23 St. Swithin's Lane**
**London EC4N 8AD**
Financial Recruitment Consultants

**Fax** 0171-626 9400

**Telephone** 0171-626 1161

**SHEPHERD LITTLE**

*Challenging and Prestigious Career Opportunity*

# Funds Risk Analyst

Major Investment Bank   Bahrain Based   Excellent Remuneration Package

- *Our client is one of the Arab world's fastest growing, most successful and prestigious investment banks, of international repute, with its headquarters in the State of Bahrain. The bank's principal activities are investment in, and advisory services relating to, managed funds, treasury operations, international real estate, corporate investments and marketable securities. The bank has recently launched the Asset Management business involving investments in a portfolio of externally managed funds using "hedge fund" type strategies.*
- *Our client is seeking to employ a Funds Risk Analyst who shall be reporting to the Head of Risk Management. The selected candidate will be responsible for proactively reviewing and monitoring a broad spectrum of risks associated with investments in a number of externally allocated portfolios in "hedge fund" type strategies, and to monitor the performance of the various funds. The primary responsibilities include quantifying and analysing risk exposures using Value-At-Risk systems, recommending strategies to manage the exposures, as well as preparing risk/performance analysis reports for the portfolio to senior management and funds management teams. Other responsibilities include assisting in the development of risk policies and procedures, implementation of risk methodologies and systems and actively participating in the assessment and management of the firm-wide risk management process.*
- *The candidate should have a professional qualification in finance or business administration/management with a strong derivatives and financial mathematics background and must have worked for 3 to 5 years in the risk management field, with an in-depth knowledge of financial engineering and risk management, preferably gained in an investment bank. High level understanding of derivatives, risk management models and use of Value-At-Risk analytics, strong analytical, statistical and quantitative skills, initiative, good communication skills, ability to work in a team-oriented environment and a strong background in PC applications are also essential.*
- *The attractive remuneration package is designed for a top calibre individual.*

*If you consider yourself to be the right person for the above position, please forward your complete résumé to reach us within 10 days to the following address quoting reference 98/T9. We will reply to you within four weeks of receipt of your résumé. Strict confidentiality is assured. Director of Recruitment Services, Ernst & Young, PO Box 140, State of Bahrain. Fax 00 973 535 406.*

**ERNST & YOUNG**

# EXECUTIVE SEARCH – Researcher/Consultant

Intelligent, creative, self-motivated candidates sought for a challenging career in a growing industry with potential for rapid advancement.

Armstrong International is one of the City's leading Executive Search firms focusing on senior level positions within all sectors of the financial services industry. We work on a retained basis for a select number of clients who include some of the most prestigious global investment banks.

We are now seeking career minded people with at least two years' experience of working in a professional environment to join the existing team in our fast-paced and entrepreneurial office.

Successful candidates will be:

- Intelligent, educated to degree level and possessed of sound judgement
- Entrepreneurial and ambitious with high energy levels
- Confident of their management potential
- Keen to join a meritocratic, creative and diverse environment where much emphasis is placed on team orientation.

To apply send your CV with a covering letter to Catherine Bolton, Armstrong International, 1 Angel Court, London EC2R 7HJ Tel: (0171) 606 0002 Fax: (0171) 606 2800.

ARMSTRONG INTERNATIONAL

# Appointments Advertising

**appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.**

**For information on advertising in this section please call Keeley Pope on 0171 873 4006**

Financial Times

# TRADERS

**New York area based Hedge Fund has openings for two high quality execution traders with strong track records. The candidates will have market-making and trading experience gained in one or more of the following markets: foreign exchange, interest rate futures, or agricultural commodities. Both traders must have 2-3 years experience and a quantitative degree. Option trading experience is preferred but is not necessary.**

**Both positions offer high rewards and a superior quality of life for those tired of the daily trek to the city.**

**Reply by sending resume, including remuneration history, to: Financial Times Box #A6119**
**Number One Southwark Bridge**
**London, England SE1 9HL**

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# International Investor Relations & Corporate Affairs

*Excellent rewards · Central London*

■ As Europe's leading venture capital company, 3i has an outstanding and sustained record of performance, and a strategy for substantial further growth. The Company now seeks to recruit an International Corporate Affairs Manager to take responsibility for promoting the business internationally.

■ Reporting to the Director of Corporate Affairs, the role is central to the development and delivery of 3i's investor relations programme, the long-term international development of the Group, and for communicating essential information about 3i to a diverse and widespread international audience.

■ This will include developing relationships with international investors, investment analysts and the financial media to build international awareness and ownership of 3i.

■ A high-calibre graduate, possibly with a professional qualification, you will have a broad-based commercial background and a record of achievement gained within the City or blue-chip international organisations. You will have a good understanding of the analytical and communication disciplines which support FTSE 100 companies, and practical experience of applying them. In this respect, you will demonstrate first-rate interpersonal and communication skills coupled with a strong intellect, analytical ability and the personal attributes to gain respect and build relationships at all levels.

■ Fluency in a major European language other than English, which is essential, would be a distinct advantage.

■ This is a demanding and high profile opportunity offering excellent rewards, both in terms of remuneration and intellectual challenge.

■ Please reply in confidence, enclosing a full curriculum vitae, current salary details and quoting reference number B2085 to: The Managing Director, Alexander Hughes Selection Limited, 14-16 Lower Regent Street, London SW1Y 4PH.

*We want you to succeed*

3i

# NEWTON
# Investment Manager

## Charity Funds

**Excellent Package** **City**

**Newton is an independent investment house founded in 1977 and dedicated to providing the highest quality of service and investment performance. The company has assets under management of over £10 billion of which some £2 billion is managed on behalf of private individuals, trusts, charities and small pension schemes. Within the Private Investment Management division £420 million is invested for 60 charities and an investment manager is now sought to drive further growth of this significant part of Newton's business.**

**THE POSITION**

- Manage charity investment portfolios formulating investment policy in consultation with trustees.
- Report to clients on investment policy and fund performance. Build strong client relationships.
- Present for new client accounts.
- Key member of professional and successful private investment team.

**QUALIFICATIONS**

- Investment manager with experience in the management of charitable assets or UK equities with some knowledge of global markets preferred.
- Team player with excellent interpersonal and presentation skills.
- Ambitious, self starter keen to develop career further in expanding group with top quartile charity fund performance.

**Please send full cv, stating salary, ref FS803H5, to NBS, 21-26 Garlick Hill, London EC4V 2BX**
**Fax 0171 489 0698 robind@nb-selection.co.uk Tel 0171 379 1070**

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## Corporate Finance

The continuing success of N M Rothschild's corporate finance activities has created an opportunity for a high-calibre individual to join the pharmaceuticals and healthcare team. The team is primarily responsible for originating, developing and executing domestic and cross-border merger and acquisition transactions as well as for bringing emerging biopharmaceutical companies to the stock market.

Candidates, in their mid to late 20s, will preferably have had one to three year's experience - either in investment banking, focusing on mergers and acquisitions, or in the corporate development department of a major healthcare company. Strong communication skills, a creative interest in corporate finance and healthcare and the ability to work as part of an industry team, as well as first class financial analytical skills are essential. It will also be necessary to demonstrate a consistently excellent academic record, including a good university degree and first-time passes if professionally qualified.

The remuneration package is excellent, as are prospects for personal development.

Please send a curriculum vitae, indicating current remuneration, in the strictest confidence to Sara Morris, Personnel Manager, N M Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU.

N M ROTHSCHILD & SONS

# Fixed Income

Our client, a prestigous international top 100 bank, located in southern Germany, is looking for individuals (male or female) to join its expanding sales and trading activities.

## Sales Person

You will be responsible for building and developing coverage of international institutional clients to support our market making activities and placing of fixed income products issued by the bank.
We expect a solid institutional client portfolio, team focus and strong business acquisition skills.

## Sales Trader

You will cover trading and market making in international currency bonds.

The role will involve the maintenance and development of both new and well established trading and sales relationships. A client portfolio would be an advantage.

The ideal candidates will have at least three years experience in trading and sales of international bonds. Fluency in English and at least another european language (with preference to French, Italian or Spanish) is expected. Fluent or basic knowledge of German would be an advantage.

Please send your C.V. - in English or German - including your earliest starting date and your current salary, under reference number 311 (Sales Person) or 312 (Sales Trader) to Mr. Immanuel Guth, our personnel consultant. All applications will be handled in strict confidence.

Immanuel Guth
Unternehmensberater

Guth Management Services
Chopinstraße 29 . D-70195 Stuttgart
Fon ++49711/6 97 66-0 . Fax ++49711/6 97 66 33

GMS

EMERGING MARKETS RUSSIA/CIS

# SENIOR STRATEGIST

Our client is a leading international investment bank with an outstanding reputation in the Emerging Markets of Central and Eastern Europe.

This senior strategist role is London-based but may involve extensive travelling. You will be responsible for analysing economics, politics and financial markets in Russia and other CIS countries, forming a general country view and making specific trade recommendations to the firms' clients and traders. You will be expected to present this analysis via regular written research as well as having constant interaction with the Global Sales Force. You would also be expected to establish and maintain key market and official contacts within Russia and the CIS.

You will have a PhD in economics from a top university with a background in open-economy macroeconomics and a minimum of three years' experience as an analyst of Russia at a major international financial institution. Experience of other Emerging Markets, for example Latin America, is also beneficial.

Our client requires somebody with excellent quantitative abilities and strong written and oral communication skills.

To apply, please write enclosing your CV, quoting ref: 2141 to The Response Management Team, Associates in Advertising (AIA), 5 St. John's Lane, London EC1M 4BH.

Closing date for receipt of applications is 21st April 1998.

Applications will only be forwarded to this client. However, please indicate any organisation to whom your details should not be sent.

aia

HR MARKETING & COMMUNICATIONS

## THE BANK FOR INTERNATIONAL SETTLEMENTS

an international organisation in Basle, Switzerland, established in 1930 to promote central bank cooperation and provide additional facilities for international financial operations, has a vacancy in its Language Services for a

## TRANSLATOR

for the translation into English of financial, economic, legal and other technical texts and the revision/editing of documents drafted in English.

**The successful candidate will have:**

- a perfect command of English (mother tongue)
- a good university degree in French and German; a postgraduate diploma in translation would be an advantage, as would a knowledge of Italian or Spanish
- several years' experience as a professional translator, preferably in the economic or financial field
- the ability to produce high-quality work to tight deadlines when necessary
- flexibility, adaptability and team spirit

Candidates should preferably have a sound grounding in economics and related subjects, and should be willing to keep abreast of developments in the relevant fields.

*The BIS offers attractive conditions of employment in an international atmosphere and excellent welfare benefits.*
Applications should be sent, together with references, to **Human Resources, Bank for International Settlements, 4002 Basle, Switzerland** quoting the reference number 98434.



# EQUITY SALES

Everett Financial Management Limited, London's leading equity dealer specialising in smaller companies' shares, is looking to recruit exceptional sales people. This is an outstanding opportunity to earn what you deserve.

We require enthusiastic team players, with sound sales skills, to advise on equities to private investors.

Our successful and dedicated sales team are given:

- Qualified leads
- Comprehensive on-site training, and an
- Excellent remuneration package

As the most professional company in this sector, FPC 1 or S.L Exams are required.

If you are confident that you fit the bill, contact John Davies or John Mudie.

EVERETT FINANCIAL MANAGEMENT LIMITED
Simrose House, 127-129 Wandsworth High Street, London, SW18 4JB
Tel: 0181 871 4242 Fax: 0181 871 4646

# SPECIALIST EUROPEAN EQUITY SALES

Fox-Pitt, Kelton is an integrated investment bank with an international business conducted from offices in London and New York. The firm was founded 25 years ago and has always specialised in the financial services industries.

As part of our specialisation the Company has a well established research product focused on Banking and Insurance.

We are expanding our team and looking for individuals with European Equity Sales experience to market the product in Europe.

The successful candidates will have the following attributes :

- strong relationships with institutional investors in Europe
- 3 - 5 years sales experience
- preferably knowledge of the financial services sector
- a European language other than English would be an advantage

Please write or fax in confidence, with full CV to Sue Ash,
Fox-Pitt, Kelton Ltd, 35 Wilson Street, London EC2M 2SJ. Fax No : 0171 247 5013.

*Regulated by the Securities and Futures Authority*

FP FOX-PITT, KELTON

# ASIAN BANKS EQUITY RESEARCH

Fox-Pitt, Kelton is an integrated investment bank with an international business conducted from offices in London and New York. The firm was founded 25 years ago and has always specialised in the financial services industries.

We are currently seeking an experienced banks analyst to join our Asian Banks team in London, with a view to being relocated to Asia in the medium-term. This team writes research on all countries in the region with the exception of Japan. Candidates should have, preferably:

- a background in investment research within the banking industry
- exposure to more than one Asian equity market
- a good degree and possibly a business or professional qualification
- a high degree of fluency in business-based computer applications
- excellent written and oral communication skills

Fluency in an Asian language (other than Cantonese and Hindi) would be an advantage.

Remuneration, including performance related bonus, will be fully competitive. Substantial development potential exists within an informal but highly professional environment.

Please write or fax in confidence, with full CV to Lexa Hunt,
Fox-Pitt, Kelton Ltd, 35 Wilson Street, London EC2M 2SJ. Fax No : 0171 247 5013.

*Regulated by the Securities and Futures Authority*

FP FOX-PITT, KELTON



## ACCOUNT MANAGER EASTERN EUROPE

Marketing communications agency needs Account Manager, Eastern Europe. Strong strategic skills, two eastern European languages and experience of EU projects required.
Contact: Bob Crosby, Workhead, Marcoms House, Abbey Barn Road, High Wycombe HP11 1RP

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# PHILIP MORRIS

CEMA REGION

The Philip Morris Europe SA, CEMA Region, manages the company's tobacco business in 89 markets covering Central Europe, Switzerland, the Middle East, Turkey, Levant and Africa. To fill a vacancy created by an internal promotion, an opening now exists for a

## PLANNING ANALYST (BUSINESS DEVELOPMENT)

**The Position**

- The Planning Analyst will liaise with local line management, participate in the preparation of the regional strategic plans, assist the review and preparation of financial projections.
- Supports business development in the region: acquisitions and other investment opportunities; license, pricing and distribution agreements, competitive studies, sourcing/capacity investigations, market trend reviews.
- Works closely with regional management, manufacturing, the finance function, legal, marketing, and people external to the company.
- The Planning Analyst will be expected to travel within the region.
- Philip Morris offers excellent international career opportunities.

**The Requirements**

- Preferably an MBA, or at least an undergraduate business or similar degree, and 2-5 years experience in consulting, financial / business analysis, strategic planning or marketing in a world-class multinational firm.
- Able to quickly grasp the big picture and work proactively on a very wide business scope; able to work well in a team and under pressure. Must be analytical, good strategic thinker, creative, and computer literate (computer-based modeling). Should be familiar with P&L statements, balance sheet and cash-flow calculations, forecasting.
- Excellent communications, presentation, and negotiation skills; analytical, flexible, multiculturally sensitive
- Perfect command of English required. Other languages (French, German) would be an asset.
- Must be willing to relocate after this initial assignment.

**If you are ready to join a young, dynamic and successful team, please send your CV with current salary details to:**

Claire Besançon, K/F Selection, 61 rue du Rhône, 1204 Geneva. Or, by fax: +41 22 311 78 29 or e-mail: kfs-geneva@kornferry.com.

You may also apply via our site on the Internet: http://www.kfselection.com. Your application will be treated with complete confidentiality.

K/F SELECTION

A DIVISION OF KORN/FERRY INTERNATIONAL

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# *Kléber Investissements*

*A financial services company devoted to European Equities*

invites

**FINANCIAL ANALYSTS / INSTITUTIONAL SALES**
**in European equities**

to take part in its development.

They will contribute to the elaboration and distribution of one of Europe's most innovative equity research products.

The successful candidates will demonstrate a European vision of the equity markets, strong motivations and ethics. They will be keen to thrive in a small and highly focused team.

A working knowledge of some European languages is required, English and French are essential. The initial working assignment is in Paris.

**High earnings potential for the highly successful candidates**

Please call Michel Rostaing in all confidentiality: 00331 53 32 86 02

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## International Money and Securities Broking House

A highly successful City-based worldwide Money and Securities Broking company is looking for a senior Foreign Exchange Broker for its Spot Mark / Yen desk.

You must display in excess of ten years' experience broking both Dollar / Mark and Mark / Yen products in both the Spot and Forward markets. Exposure to futures trading in these product areas is also a requirement. Knowledge of Arbitrage is desirable. Management experience of a profitable Mark / Yen desk is also a critical requirement.

Fluent in both English and Spanish and able to demonstrate that your key client base includes major Hispanic - American players, you should also be familiar with the business aspects of the New York Hispanic culture. A graduate, with a business-related degree, preferably with an Economics bias, you will have a sound understanding of the markets and relevant product knowledge.

If you can meet this demanding challenge, please send your full CV to ref: 16297 c/o TMP Worldwide, Lower Ground Floor, 32 Aybrook Street, London W1M 3JL. Closing date for applications: Wednesday 8th April 1998

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## Appointments Advertising

**appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.**

**For information on advertising in this section please call**

**Keeley Pope on 0171 873 4006**

**Karl Loynton on 0171 873 3694**

**Mark Williams 0171 873 4095**

Financial Times

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# MFC BANCORP LTD.

Due to recent acquisitions and planned expansion, MFC Bancorp Ltd., a NASDAQ quoted financial services group is looking for:

## EQUITY AND BOND SALES MANAGER

The role is to direct the existing MFC Securities Equity and Bond Sales divisions for instutitional and high net worth individual accounts, as well as to add key sales reps to the 4 European offices.

The ideal candidate is an experienced equity Sales Manager with a minimum of 5 years experience motivating a European or North American sales team.

Based in Zurich, this opportunity will appeal to a self-motivated commission driven individual, with excellent references, multi-lingual, a valid Swiss permit and a desire to contribute to a dynamic growing team.

Please submit your resume in strictest of confidence to the Employment Co-Ordinator:

MFC MERCHANT BANK S.A.
6 Cours de Rive P.O. Box 3540 1211 Geneva 3 Switzerland
Telephone: +41 22 818 29 29 Fax: +41 22 818 29 30
Email: pjessop@mfcbank.ch

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# ACCOUNTANCY APPOINTMENTS

INDEPENDENT FAMILY BREWERS ESTD 1845 FULLER'S CHISWICK

# Company Secretary

**Excellent Package** — **West London**

**Senior appointment in strongly performing independent brewer plc.**

**THE COMPANY**

- Independent Family Brewer since 1845. Fully listed UK public company. £100m turnover. £11m profit.
- Distributor of famous brands such as London Pride and ESB. Reputation for quality and service.
- Three trading divisions: Retail Managed and Tenanted estate, the Beer Company and the Wine Company.

**THE POSITION**

- Report to the Chairman, working closely with the Finance Director and the Board. Handle broad range of company secretarial activities for plc.
- Senior level responsibility encompassing corporate governance, statutory and Stock Exchange compliance.
- Raise particular issues for the attention of the Board and identify potential conflicts of interest.
- Keep abreast of current legislation and developments. Develop and monitor pensions and insurance strategies with external professional managers.

**QUALIFICATIONS**

- Chartered Secretary or other professional qualification with corporate and regulatory experience, possibly working as Assistant Company Secretary for major plc. Computer literate.
- Commercial acumen. Astute, confident and articulate with initiative. Strong organisational skills and attention to detail.
- Excellent interpersonal skills to interface at all levels.

**Please send full cv, stating salary, ref LG80302, to NBS, PO Box 17917, London SW1Y 6ZU**
**Fax 0541 500 001 Email nbsresponse@nb-selection.co.uk Tel 0171 493 6392**

Aberdeen • Birmingham • Bristol • Cardiff • City • Edinburgh • Glasgow • Leeds • London • Manchester • Radlett • Slough • Frankfurt • Madrid • Paris

NB Selection — NBS — London

A BNB Resources plc company — ISO 9002 Registered

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# FINANCIAL DIRECTOR: ECONOMIC REGENERATION

**Bristol/South West — Private/Public Partnership Co. — Package to £50K**

A catalyst for business development, our client is one of the key drivers in the sub-regional economy. Whilst private sector-led, it acts as a strategic partner to the government, forming a major conduit for public funds. Proactive, it is charged with the responsibility for making things happen, driving through change whilst carrying with it the attendant accountability for getting results.

To deliver this proposition they require the financial leadership of a rigorous but diplomatic Finance Director with the acumen to attain optimal commercial impact/successful outcomes. The remit covers all facets of financial management from corporate stewardship/statutory reporting, through business analysis/strategic planning/operational forecasting to project management/contract negotiation and the provision of meaningful management information. Tight financial control is key... over cash, head count, budgets, contracts and costs, as is risk management.

You will probably be a mature graduate ACA with 12 to 15 years PQE. However, depth and quality are more critical than length of experience. Technical competency, IT literacy and financial awareness are a given; however, it is the attributes of drive, focus and incisiveness coupled with the inter-personal/management and communication skills to handle a high profile non-executive board and third party contractual partnerships that will determine success. The role is a challenge of real worth for someone who wants to make a difference.

Please apply with a full CV, quoting reference 1339/FT, to Adrian Wheale, at Wheale Thomas Hodgins Plc, Executive Resourcing, 13 Berkeley Square, Clifton, Bristol, BS8 1HG. Fax: 0117 927 2315.

WHEALE • THOMAS • HODGINS • PLC

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# COMMERCIAL FINANCE DIRECTOR

**McMILLAN - SCOTT PLC**

**South Manchester**
**up to £55,000 + Incentivies + Mercedes**

Privately owned and entrepreneurially managed, our client is a growth oriented and profitable publishing and advertising company employing some 330 people. An opportunity has arisen to join a strong management team as finance director and an individual is sought who will play a key role in enhancing growth and profitability over the long term.

The task will be to deliver first class operational and strategic reporting plus controls in a competitive, sales oriented business where service level demands are high. Key challenges include development of management reporting, financial planning, working capital and strategic capital management. The job holder will also play a major role in ensuring the business realises maximum potential via organic growth and a focused acquisitions policy.

Applicants must be qualified accountants, of graduate calibre, with high levels of energy and ambition, a proactive style, strong character with good communication skills. A background in business to business services will be preferred. Suitable applicants must have real commercial talent, strong financial management and reporting skills, together with a consultative interpersonal style.

Prospects are excellent in both the short and long term and the successful applicant will be rewarded with a comprehensive remuneration package. Interested applicants should send a full c.v. including current salary and daytime telephone number to Phillip Price ACA, quoting reference 3153 at Deloitte & Touche Management Solutions, Colmore Gate, 2 Colmore Row, Birmingham B3 2BN. Telephone: 0121 200 2211. Internet: Philip_Price@deloitte.touche.co.uk

Deloitte & Touche

MANAGEMENT SOLUTIONS

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# Business Unit Finance Managers

Various UK Locations

Up To £50,000 + Car + Benefits

A sector leading company in the UK food industry now wishes to strengthen its financial management with key appointments in its business units. Turnover is likely to exceed £750m in the current year and has doubled over the last three years by aggressive expansion through acquisition and organic growth.

To succeed in this demanding environment candidates must be qualified accountants who are ambitious, mobile, confident, assertive and highly self-motivated. The rewards will include outstanding financial and management experience, participation in projects and acquisitions and excellent remuneration and promotion opportunities.

Exceptional candidates should send their details to Roger Hoyle, including current remuneration and quoting reference number 80401 on both CV and envelope.

**There are also opportunities for newly qualified accountants.** SPEIRHEAD

5 LISBON SQUARE, LEEDS, WEST YORKSHIRE LS1 4LY. TELEPHONE: 0113 244 3300

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## Appointments Advertising

**appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.**

**For information on advertising in this section please call**

**Keely Pope on 0171 873 4006**

Financial Times

# Global Head of Finance

***An outstanding opportunity to lead a team of financial professionals and support a major trading business***

**City** **to £110,000 + Package**

Our client is a highly profitable global financial markets business with over 1,000 staff worldwide. It is one of the pre-eminent players in global FX and interest rate/currency derivatives as well as having significant financing businesses in each of the world's major financial centres.

Due to rapid business expansion and major infrastructure enhancements, they are now looking for a Global Head of Finance. Reporting to the Chief Financial Officer, he/she will be leading a team of finance professionals responsible for all aspects of:

- Strategic planning.
- Financial reporting.
- Management accounting.
- Capital management.
- Financial control.

In addition, there is a projects team responsible for implementing an aggressive change program to support a rapidly evolving global business.

Candidates must be academically strong, professionally qualified accountants with a minimum of 10 years banking experience. They will have had a variety of roles in their career with exposure to derivatives and systems projects. As this is a key position and the individual will be working closely with the Chief Executive of the business, Product Heads and Senior Head Office management, you must possess outstanding leadership, team building and communication skills coupled with extensive business knowledge.

Interested candidates should send their CV to Sarah Hunt at Michael Page City, 50 Cannon Street, London EC4N 6JJ or fax 0171 329 3426. Alternatively, telephone her on 0171 269 1846 e-mail: sarahhunt@michaelpage.com Please quote reference 411796.

Michael Page
CITY

London · New York · Paris · Amsterdam · Frankfurt · Milan · Madrid · Hong Kong · Singapore · Sydney

## BUSINESS CONTROLLER

**Home Counties** **c£60,000 + Benefits inc. share options**

THE COMPANY

This is a £150 million business, part of a US listed multinational, which anticipates exciting sales growth over the next 3 years. This anticipation has its foundations in the upcoming launch of new products in the Hi Tech arena, the fruits of significant investment in Research and Development. The company, already a leader in its field, looks to increase share in all of its international markets.

THE ROLE

Reporting to the Group FD, this is an opportunity which requires superb Financial Planning and Analysis skills, allowing the incumbent to make a telling commercial contribution. Specific objectives will include:

- Ongoing development of management reporting and business information processes
- Supply chain costing and tracking, using modelling techniques, and developing close relationships with Group suppliers
- Provision of close support to Sales, Marketing and R&D functions internationally
- Managing a small team, to achieve immediate and substantial qualitative improvements in all areas of planning, forecasting, costing and reporting

THE CANDIDATE

You will be a graduate ACMA, with a deep professional self-confidence in your modern management accounting skills, gained with some previous manufacturing experience. At ease in meetings with senior managers of other functions, you will know how to use your communications abilities to form a full business partnership with them. A measure of success will be how well you involve them in the financial aspects as well as the contribution you will make to the broader commercial issues.

Interested candidates should contact Richard Clark at DLA, 10 Bedford Street, London WC2E 9HE. Tel: 0171 420 8000. Fax: 0171 379 4820. E-mail: info@dla.co.uk

DLA DOUGLAS LLAMBIAS ASSOCIATES RECRUITMENT CONSULTANTS DLA

## SENIOR FINANCIAL ACCOUNTANT

**Switzerland**

Quantum
CAPACITY FOR THE EXTRAORDINARY

*Quantum has established itself as the world leader in the computer storage industry, designing and manufacturing storage products for today's digitized world. Since its foundation in 1980 it has demonstrated incredible growth to such an extent that its year end sales for March 1997 were $5.3billion. Quantum continues to be one of the fastest growing Fortune 200 companies.*

As a direct result of this success and expansion, a need has arisen in the Financial Accounting Department at the European Finance Headquarters in Neuchatel, Switzerland for a Senior Financial Accountant.

The Role:
Reporting to the Financial Accounting Manager, you will be responsible for:

- All aspects of accounting and reporting of sales of approximately $3 billion in the European, APAC and Latin America regions, including monitoring pricing and returns, accounting for pricing programs and reporting variations in revenue and Average Unit price;
- Being the lead in the Financial Accounting group, providing support to other team members and dealing with other Financial Accounting matters;
- Process re-engineering and automation – this may be conducted through world-wide project teams which the successful candidate may initiate, participate in or lead.

The Candidate:
The successful applicant will have a professional accounting qualification with at least two years' post qualified experience, ideally gained in the IT industry. You will be able to demonstrate an ability to achieve results whilst working under pressure and to tight deadlines. You will also be able to initiate and drive process improvements within the framework of the project team.

The position will ideally suit someone who has strong system skills. Fluency in English is essential and a knowledge of French would be a distinct advantage.

**Interested candidates should apply with full career details to Matthew Blagg at Harrison Willis International, Cardinal House, 39-40 Albemarle Street, London W1X 4ND, United Kingdom. Telephone +44 171 344 5134. Fax +44 171 344 0361. E-mail: international@hwgroup.com Internet: www.hwgroup.com**

HARRISON WILLIS

HW GROUP
HARRISON WILLIS
A BRAND OF THE HW GROUP

INVESTOR IN PEOPLE

## Tax And Treasury Director

US LISTED, HI-TECH

c. £60,000
+ Substantial Benefits Package
HOME COUNTIES

**A multinational organisation competing in the complex world of Hi-Tech consumables, involving substantial investment in R&D, operating many subsidiaries around the world, exposed to the vagaries of foreign currency exchange at every turn and liable for tax, in all of these countries, on profits accrued from global sales of some £200 million. And this year the same heady mix of sales growth and increased market penetration.**

They wish to appoint an experienced professional in this high profile role, who will make a strong contribution to the effectiveness of the Board. They seek innovation and ongoing improvements, specifically:

- Review and develop group tax strategy.
- Manage investor relations activity.
- Strategic review in the areas of bank and other fund source relationships, FX hedging and inter-company funding.
- Optimise short term cash investment opportunities.

The challenge is obvious, and the resources are in place to allow the successful candidate to make full use of his or her initiative to evolve a dynamic international department.

We wish to hear from proactive applicants, with wide experience in Treasury and with some exposure to European Tax and Investor Relations. You should be fluent in English, with proven ability to communicate at senior levels.

Interested candidates should write to Mark Rowley at Herst Austin Rowley, 30 St George Street, London W1R 9FA enclosing a full Curriculum Vitae and quoting reference HAR0195.
Fax: 0171-409 7872.
Email: mark@herst.co.uk

HERST AUSTIN ROWLEY

HW GROUP

BIRMINGHAM · CAPE TOWN · COLOGNE · LISBON · LONDON · MADRID · PARIS · PHILADELPHIA · SÃO PAULO · WARSAW

SONY Price Waterhouse

## Divisional Controller

### Bringing business understanding to the fore

*c.£60,000 plus attractive benefits* *Basingstoke*

**Ceaseless innovation**

Our products, systems and services continue to win the company an enviable reputation among users and competitors around the world. Key to maintaining the momentum of our success will be the continued development of Customer Support & Services provided through an European network of 36 dedicated service centres. The product, Prime Support, offers world class customer focused support solutions designed to maximise the return on our customers' investment in Sony's Broadcast & Professional products.

We need an experienced driver of change to manage the financial and commercial activities of the Division and accelerate the cultural shift from cost to business management.

**Directing and managing...**

...the planning and production of all financial budgets and reporting within the Division, you will make active commercial awareness among every operational team your special mission. In partnership with the Divisional Director you will drive through operational change, implementing and consolidating new working practises based upon the developing utilisation of pan-European IT strategy and resources.

**The measure of success...**

...will be a new clarity of business understanding, leading to enhanced motivation and performance in every area and streamlined channels of management information.

**Vision, persuasion, education...**

...must be the means to that end. We are looking for a clear leader and communicator, an individual whose financial strengths and IT awareness are combined with the interpersonal skills to liaise with non-financial functions to win the appreciation and support that will make the culture shift achievable.

**A graduate ACA...**

...you will have at least eight years' experience of industry that gives you a track record at executive level of successful, positive financial and change management in a customer-focused business. Sensitivity to the diversity of cultures that you will deal with, combined with your highly developed project management skills, and your conceptual problem solvers ability to maintain team direction in a fluid environment leaves you equipped to succeed in this challenging arena.

**Take advantage of a higher profile...**

...with one of the world's undisputed business leaders. To discuss the position in more detail, please call our advising consultants, David Hunter on 0171 939 3661 or Charlotte Baker on 0171 939 3025, or write to them, quoting ref: L/1838, at:

**Executive Search & Selection**
Price Waterhouse
Southwark Towers
32 London Bridge Street
London SE1 9SY
Fax: 0171 378 0647
E-mail: David_Hunter@Europe.notes.pw.com

AUTO-BY-TEL™

## Driving Along The Information Super-Highway
## Financial Controller

Milton Keynes £48,000 OTE + Benefits

In the US Auto-By-Tel is the leading nationally branded internet car buying service for new and used vehicles, with 2,700 dealers and over one million US car buyers using the system. The car industry is worth one trillion dollars a year and the internet is forecast to generate **50%** of all car sales by the year 2000. Auto-By-Tel is determined to replicate their hugely successful formula in the UK market. This exciting start-up venture now requires a Financial Controller who will be:

- Responsible for the development, implementation and control of all finance functions and internal controls including employee benefits
- Ambitious, strategic and able to act proactively in a rapidly expanding business
- A qualified Accountant able to accept increasing responsibilities in line with the expected growth of the finance function

As a key member of the management team you will need to have the skills and credibility to develop and manage the finance function and you will be hands-on and IT literate. Prospects for enhancing career development both in the UK and internationally are excellent.

To discuss this opportunity contact Simon Barclay on 0171 970 9700 quoting reference no: 60986. Alternatively, send your details to him at the address below.

PSD
Finance and Accountancy Recruitment

28 Essex Street
London WC2R 3AX
Tel 0171 970 9700
Fax 0171 936 3977
E-Mail email@psdgroup.com
Internet www.psdgroup.com

INVESTOR IN PEOPLE

## Appointments Advertising

**appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.**
**For information on advertising in this section please call**
**Karl Loynton on 0171 873 3694**

Financial Times

هكذا من الاصل



County Hotels

Price Waterhouse

# Group Management Accountant

## 1,877 rooms with a view...

*To £40,000 + benefits Windsor*

...be our guest.

The County Hotels Group has made its mark in a highly competitive industry after only a single year in business. Formed by a management buy-in during 1997, the group has already acquired 25 new hotels and our innovative financial strategy focuses on sustained investment in systems, refurbishment and development in order to maximise returns.

**Business know-how...**

...has been the basis of an excellent launch. Now, pushing ahead with the next phase of growth, we are looking for additional financial and entrepreneurial expertise to strengthen our lean central team and support board level strategic planning.

**Inside out**

Liaising with the Financial Accountant and with regional and hotel Controllers, you will report to the Group Financial Controller, taking responsibility for the consolidation of the group's management accounts; for regular reporting through the SUN accounting systems; and for overall systems administration. You will also develop and maintain open relationships with outside contacts such as auditors, suppliers and banks.

**What it takes**

A qualified chartered accountant, your post qualification should have been gained in a customer focused environment, where the pace and diversity of the commercial challenges will have sharpened your business view, whilst continuing the development of your own technical skills. This role is hands on; your ability to demonstrate a thorough grasp of all statutory requirements and IT controls in a multi-site environment is essential, as is your talent for cross discipline communication, supported by effective presentation techniques.

As a central point of contact between internal departments and external agencies, it is the combination of personal credibility and persuasive team skills that will be key.

**Focus on people**

Not only is our business intensely service-oriented by nature, we have also specifically made it our business to see that our people are encouraged and rewarded; with The Group aiming for Investors in People recognition by the end of this year. In bringing commitment to this role, you will be investing your talent in the development of a shared enterprise which believes in promoting potential.

**The immediate benefits...**

...will include bonus, pension, medical cover, hotel concessions and potentially an offer of equity.

Give your career more room by calling our advising consultant, Charlotte Baker on 0171 939 3025, or write to her with a full CV, quoting ref: K/1879 and persuading her why you should meet, at:

**Executive Search & Selection**
Price Waterhouse
Southwark Towers
32 London Bridge Street
London SE1 9SY
Fax: 0171 378 0647
E-mail: Charlotte_Baker@Europe.notes.pw.com

# FINANCIAL CONTROLLER

## CAN WE COUNT ON YOUR AMBITION?

EXCELLENT PACKAGE — BASED BISHKEK, CENTRAL ASIA

**THE COMPANY:** Our client, a $multi-billion US international company, is a leading player supplying today's competitive and dynamic consumer market. With operations in more than 25 countries worldwide, and 30 processing facilities globally, our client's world market share is rapidly approaching 40%.

Confident of the continual growth of its core business our client has initiated the most ambitious expansion plans in the Company's history. Projects to expand its processing capacity outside of the US and improve technology in the US are proceeding with vigour. Consequently our client is seeking to consolidate its market share with an experienced expatriate from a multicultural environment.

**THE ROLE:** Reporting to the Regional Financial Director Europe, your responsibilities will include the following:

- To ensure the development and operation of the procedures and systems to make payments, collect monies and post, record and authorise transactions and provisions
- To ensure the transactions systems accurately and reliably process the revenues and expenses of the business and be able to detect and respond to deviations and exceptions
- To apply appropriate accounting principles to generate accounting records that support both operational and external legislative statutory requirements
- Prepare financial planning and prepare balance sheets in GAAP systems and/or Russian accounting systems
- Manage and develop substantial local office staff and ensure appropriate succession plans are in place.

**THE PERSON:** To excel in this role your background is likely to be a similar role in a dynamic industry or within a public accounting firm. A graduate with a formal international accounting qualification, you will have at least six years' post graduate experience preferably with a minimum of one to two years' managing a department in the CIS and/or Central Asia, although this is not a pre-requisite.

Proven commercial acumen and a proactive approach coupled with confidence and drive to build and work within a team in a multicultural environment are essential.

These skills must be combined with fluency in English and Russian.

*Please forward your full resumé in the strictest confidence, quoting reference no. FT3223 to: Antal International, Shropshire House, 1 Capper Street, London WC1E 6JA. Tel: + 44 (0) 171 637 2001 Fax: + 44 (0) 171 637 0949 e-mail:cv@antal-int.com or visit our website on www.antal-int.com*

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# Senior Audit Management Roles

**At the heart of a world leader** — **Heathrow, Excellent packages**

British Airways is an £8 billion global business which is consistently striving to develop its world class customer service in a highly competitive market. To stay ahead, we have embarked on a series of major operational and strategic initiatives, including potential new alliances and joint ventures. Internal audit plays an influential and increasingly proactive role in this area. In addition, the department addresses risk by reviewing and monitoring key processes throughout the business and making recommendations for improvement.

We are looking for high calibre professionals who can work in partnership across British Airways. As part of the senior management team, you will manage and motivate teams of auditors globally to add value to the business. We have identified two key roles which require a high level of commercial awareness, exemplary consultative skills and the ability to influence change at all levels.

**Senior Audit Manager**

For this senior position you should be a graduate chartered accountant with between five and ten years' post qualified experience. Ideally, this will include experience with a blue chip multinational working on diverse projects to enhance business performance. You will need strong technical skills combined with judgement, energy and commitment. Ref 866J

**Senior Manager Computer Audit**

In a key role, as an integral part of this team, you will develop the specialist computer audit function, providing input into new systems and development, and reviewing the security and integrity of data across British Airways. Ideally a qualified accountant, you should have managed a progressive computer audit team, with a strong track record of giving proactive business support. Ref 867J

For both these senior roles we are offering highly competitive remuneration packages and the opportunity to make a major contribution to our continued success. There will be excellent potential for career development. Please send a full CV in confidence to GKRS, 86 Jermyn Street, London SW1Y 6JD (telephone 0171 468 3800) quoting the relevant reference number on both letter and envelope, and including details of current remuneration.

BRITISH AIRWAYS
The world's favourite airline

www.british-airways.com

# Regional Controller

## World Leading Plc

*An international, commercial and analytical role*

**London — To £65,000 + Bonus + Car**

This high profile organisation is a household name renowned for outstanding customer service and exceptional product quality. It enjoys a clear market leading position and an enviable profits record within an intensely competitive sector.

Rigorous financial analysis and incisive commercial acumen are critical to achieving optimum margin performance.

You will work for the Regional VP leading a high calibre team of business analysts that provide commercial/financial analysis to a region generating in excess of £1 billion revenue.

Key tasks will include:

- providing a comprehensive profit analysis and forecasting capability for the Regional VP including operating budgets and strategic plans;
- evaluating capital investment, marketing programmes, distribution changes, pricing and other key business issues;
- identifying and implementing profit improvement opportunities by promoting internal efficiencies using external benchmarking where appropriate.

Candidates will have at least seven years' post qualification experience. This should include management responsibility within a fast-moving multinational environment where they must be able to demonstrate a 'fast-track' record of career progression.

This is a high profile entry point into an organisation which has an outstanding record of career development.

**Please send a full CV in confidence to GKRS at the address below, quoting reference number 869J on both letter and envelope, and including details of current remuneration.**

GKRS

**86 JERMYN STREET, LONDON SW1Y 6JD.**
**TEL: 0171 468 3800. FAX: 0171 468 3801.**
**A GKR Group Company**

# Group Finance Director

## Leading Yorkshire PLC

**Six Figure Package — Yorkshire**

**Outstanding finance professional to provide financial leadership in this high profile Yorkshire PLC.**

**THE COMPANY**

- Profitable, leading manufacturer of brand name products. Multisite UK operations with growing international interests.
- Committed to growth and adding value through investment in processes and people, NPD and customer service.
- Focused, dynamic group board. Absolute commitment to operating excellence. Outstanding opportunity for personal growth and development.

**THE POSITION**

- Key position on main board reporting to Chief Executive. Manage financial success of business. Work with Board to refine strategic goals for Group. Lead and advise finance directors in subsidiaries.
- Full responsibility for finance function including tax and treasury. Oversee group property interests. Also responsibility for Group IT function and Chair of pension fund trustees.
- Promote highest standards of Group reporting and financial analysis. Drive down costs and working capital. Co-ordinate major IT initiatives. Play key role in international growth plans.

**QUALIFICATIONS**

- Qualified Chartered Accountant. Background in demanding, commercial, change-driven environment.
- Technically excellent. Strong on business analysis and commercial involvement. History of involvement in strategic IT management.
- Confident, direct management style. Articulate, incisive influencer. Team player with strategic vision and practical people management skills.

**Please send full cv, stating salary, ref LD803HS, to NBS, Yorkshire House, Greek Street, Leeds LS1 5SX**
**Fax 0113 243 2339 Tel 0113 245 3830**

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# SIEMENS

Siemens is one of the most respected and progressive engineering products, systems and services providers in the world. The Group has an enviable track record of sustained growth and employs more than 14,000 people in the UK alone. In order to provide the necessary financial and commercial support to the business units, Siemens is looking to strengthen its Controlling function with the appointment of a commercially focused, finance professional, working as part of a specialist team.

## Corporate Controlling - Bracknell

£ attractive + benefits + car

Based at the Head Office and reporting to the Corporate Controller, this high profile and stimulating role will require you to work closely with group businesses in reviewing their financial performance and in developing and expanding their financial review process. In addition, you will need to undertake business reviews and audits alongside the audit team and will be closely involved in a number of project areas, such as mergers, acquisitions, restructures etc.

Of graduate calibre, you should be CIMA qualified and be able to demonstrate a high level of confidence and ability in your financial skills. You will have had operational exposure in a financial management role within a commercial business environment. In addition to an outstanding benefits package, this position offers significant exposure at senior management level and outstanding career progression opportunities.

**Interested applicants are invited to post/fax/e-mail a full CV, including current salary details to: Lynette Gleeson, Personnel Manager, Siemens plc, Siemens House, Oldbury, Bracknell, Berkshire, RG12 8FZ Tel: 01344 396237; Fax: 01344 396235; e-mail: gleesonl@plcbrk.siemens.co.uk**

Innovation · Technology · Quality : **Siemens**

# innovate

## Group Financial Analysis & Reporting Manager

London · highly competitive + bonus + benefits

orange

**Orange is one of the most dynamic and fast growing companies in the UK. Today more than 1.2 million people subscribe to our wirefree service and the Orange network now covers over 96% of the UK's population. As a FTSE 100 organisation, our turnover currently stands at around £1 billion.**

However, this sustained growth creates challenges in itself. Reporting to the Group Financial Controller, you will be responsible for managing a team of three exceptionally capable financial analysts. You will work directly with the main board, senior management and operational managers to produce and interpret the financial information upon which key business decisions are made.

The core of this information will be detailed analyses of business and market indicators, which will form the basis of board reports and presentations. The increasing quality of this information will be vital in the group's continued drive for growth. You will also lead a variety of projects evaluating the performance of the group's existing overseas businesses and potential investment opportunities.

Professionally qualified and likely to be in your early to mid thirties, you should possess the ability to think both strategically and operationally. Additionally you must combine significant people management skills with a "shirt sleeves" approach and the ability to interact effectively at all levels.

Whilst telecoms/technology experience would be an advantage, of greater interest is your ability to proactively add value to the business.

If you are interested in this exceptional opportunity, please send a comprehensive CV (including current salary details) to our retained consultants Simon Kaye or Paul Glatzel of Executive Connections at 43 Eagle Street, London WC1R 4AP (Fax 0171 304 9001). If you have any questions please do not hesitate to call them on 0171 304 9000 (evenings/weekends 0973 179 869) E-mail: orange@executive-connections.co.uk

Hutchison Telecom

# Appointments Advertising

**appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.**

**For information on advertising in this section please call Ben Bonney-James on 0171 873 4015**

# International Finance Opportunities

COMPASS GROUP

Compass Group is one of the world's leading foodservice organisations, with strong market positions in the UK, Continental Europe and the USA together with developing businesses in South America and Australasia. Operating in large and growing markets, with access to a portfolio of leading brands such as Upper Crust, Burger King and Pizza Hut, the Group is well placed to continue its outstanding record of growth. Compass Group has recently achieved FTSE 100 status, has a turnover of £4 billion and employs over 160,000 staff in over 45 countries.

Following a recent overseas promotion, two positions have now arisen for fast track young accountants to support the main Board at their Group Headquarters in Chertsey, Surrey.

*Surrey Based*

## *International Commercial Analyst*

***To £50,000 + Bonus + FX Car***

This is a key role offering genuine exposure to main Board Directors, a real involvement in business decision-making and the opportunity to make an impact at the highest level. Responsibilities will include:

- Strategic review and analysis of divisional performance.
- Special projects e.g. performance evaluation, capital expenditure appraisal and competitor analysis.
- Ad hoc support to Divisional Directors.

Applicants must be graduate calibre, qualified accountants, aged 26-30 with excellent interpersonal skills, mental agility and the ability to both develop and present creative solutions to business challenges. A determined proactive approach and computer literacy are essential whilst language skills and previous international exposure would be desirable. Reference: 56609

## *International Management Accountant*

***£35-40,000 + Bonus + FX Car***

This position provides the opportunity to develop, enhance and automate systems at a global level and gain exposure to senior decision makers, both at Group and Divisional level. Reporting to the Group Financial Controller and supporting the Group Treasurer, this role will encompass:

- Monthly reporting, quarterly forecasts, budgets and strategic plans.
- Treasury accounting.
- Systems development.
- Special projects.

Applicants for this high profile role will be graduate calibre, qualified accountants with strong technical skills and the personal credibility to interface with main Board Directors. Aged 25-28, candidates who are currently working in the profession or are in their first role in industry would be particularly appropriate. Reference: 56610

**Promotion prospects both within the UK and internationally are outstanding.**

If you are interested in either position, whether you are presently based in the UK or abroad, please send your CV with a note of current salary to Tony Martin or Dominique McAll, quoting the appropriate reference, at Martin Ward Anderson, Goswell House, 134 Peascod Street, Windsor, Berkshire, SL4 1DS. Alternatively, please fax your details on 01753 850253 or e-mail us on info@mwa.co.uk or telephone on 01753 830881.

MWA
MARTIN-WARD ANDERSON
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# FINANCE MANAGER - MARKETING

WEST OF LONDON — C£55,000 + CAR + RELOCATION

This International Fast Moving Consumer Goods Company has a portfolio of some of the UK's most recognisable and loved brands. Today they have a turnover in excess of £600 million and have ambitious plans for future growth.

Key to their success to date has been a commitment to providing high quality products which offer good value for money and which are in tune with consumers everchanging and sophisticated tastes. Consistent new product innovation, marketing and creative advertising have generated a strong position in their market place.

Reporting to the Finance Director this role will work closely with the Marketing Director ensuring the Marketing strategy and operational plan has financial integrity.

This will be achieved by:

- ensuring strong financial control over brand profitability
- new products and brand development generate adequate returns
- raise the level of financial literacy and profit awareness in the marketing department
- support system developments that ensure business needs are met
- ad hoc and "What if" projects as requested by the Finance and Marketing Director.

The successful candidate will be aged 27-34. A graduate qualified accountant who has a minimum of three years post qualification experience. A background gained within a FMCG environment would prove advantageous. The ability to communicate with confidence at all levels is essential as indeed are proven analytical skills and determination.

Opportunities for career progression are assured.

Interested candidates should submit a comprehensive resume for the attention of **Giles Daubeney at Robert Walters Associates, 10 Bedford Street, London WC2E 9HE. Tel: + 44 171 915 8714.** Alternatively you may wish to fax details on **+ 44 171 915 8730.**

**E-mail: susanna.kelly@robertwalters.com Web: http://www.robertwalters.com**

You may also apply via **http://taps.com/Robert_Walters** quoting reference RW47.

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY MELBOURNE BRISBANE WELLINGTON AUCKLAND

INMARSAT

# INTERNATIONAL TAX MANAGER

## CONTRIBUTE TO PRIVATISATION PROCESS

**c.£75,000 + benefits** — **LONDON**

Inmarsat is a truly international organisation and the only provider of global mobile satellite communication systems today. Currently an inter-governmental co-operative with over 80 overseas stakeholders, Inmarsat is now on schedule to restructure the organisation into a privatised company, in preparation for an early flotation. The established finance function will play a pivotal role in this significant change management project, therefore a commercially astute tax professional is now required to establish an in-house international tax capability. You will be expected to contribute to this transition process as well as play a part in further developing the 'new' organisation's international commercial strategy.

### The Position

- Establish an international tax function from new, contributing to and implementing all tax aspects of the proposed restructuring.
- Develop a new international tax strategy focusing on reorganisations, funding, investments, joint ventures and contracts.
- Manage the tax compliance process across multiple jurisdictions, establishing contact with tax administrations and external advisors.
- Lead and develop tax awareness within the organisation, on an international scale.
- More broadly, influence development of future products and services through provision of sound tax advice.

### The Requirements

- Graduate calibre and qualified tax professional with heavyweight international tax exposure gained within a premier accounting firm or commercial organisation.
- High level of confidence along with strong interpersonal skills, capable of establishing and promoting the new function.
- Persuasive, perceptive and diplomatic individual, comfortable working in a multi-cultural environment.
- Maturity and sensitivity, ideally with first-hand experience of change from a cultural perspective.
- Well-developed commercial and customer focus, with clear potential for longer-term career development.

Please send your CV with current salary details to: David Burton, K/F Selection, 252 Regent Street, London W1R 6HL, quoting ref: 90503A/04.

Alternatively send by fax on 0171-312 3380 or by e-mail to kfs-london@kornferry.com Internet Home Page: http//www.kfselection.com

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A DIVISION OF KORN/FERRY INTERNATIONAL

# Executive Recruitment

**Specialist Sectors**

At Hoggett Bowers we have achieved outstanding results. Our success has been built on the commitment and performance of our people together with the powerful partnerships we have built with our clients.

As part of our continuing growth we wish to attract exceptional individuals to join our specialist Finance Practice. Your objectives, which derive from our corporate goals will be to:

**London or Manchester**

- Provide our clients with the highest quality of recruitment services
- Achieve impressive levels of repeat business
- Work both independently and as part of multifunctional teams
- Sustain continuous improvement as an individual and in your contribution to your team and the Company

You will have held a senior Finance role within industry or the profession or alternatively be working within Finance recruitment. Candidates should have an excellent academic background and be able to demonstrate a progressive record of achievement to date.

**Excellent and unlimited package**

We offer you significant investment in your training and personal development, unlimited earnings potential, and excellent career prospects both in the UK and overseas.

**Interested candidates should write with full CV, quoting current rewards package to Cindy Irvine, Hoggett Bowers, 28 Essex Street, London WC2R 3AX, Tel: 0171 970 9600, Fax: 0171 938 3974, quoting ref: LCI/16254/FT.**

Hoggett Bowers | Executive Search and Selection

INVESTOR IN PEOPLE

Part of the PSD Group

*Rothmans International Europe b.v.*

# HEAD OF AUDIT SERVICES

## CAREER OPPORTUNITY IN FINANCIAL MANAGEMENT

**Competitive package** — **AMSTERDAM**

The Rothmans International Group is one of the global market leaders in the manufacture and sale of tobacco products. Brands include Rothmans, Dunhill, Peter Stuyvesant and Winfield, with a wide range of complementary local brands. Headquartered in Amsterdam, Rothmans International Europe is the second largest tobacco group in Western Europe with revenues exceeding £ 900 million. Due to an internal promotion, Rothmans is currently seeking to recruit a Head of Audit Services to lead the European Audit Services function. This is a small team of highly qualified professionals which operates as a genuine business partner to management and not as a "policeman". Outstanding career opportunities are available to the successful candidate.

### The Position

- Responsible for supporting executive management in managing business risks and maintaining effective controls across all business processes.
- Deliver cost effective support to management through the development and implementation of the audit strategy.
- Act as a business partner to management and contribute to the improvement of business control procedures.
- Report to the Regional Finance Directors of two management regions and functionally to their Regional Audit Committees.

### The Requirements

- A qualified accountant with at least 5 years' post-qualification audit experience gained within a premier accounting firm or a dynamic multinational.
- Highly commercial and international in outlook with the drive and tenacity to succeed.
- The maturity and presence to gain the respect and confidence of senior management.
- Excellent verbal and written communication skills in the business language of English.

Please send your CV with current salary details to: Mr L.C. Cohen, K/F Selection, World Trade Center, Strawinskylaan 545, 1077 XX Amsterdam, The Netherlands, quoting ref: 113. Alternatively send by fax on 00 31 20 675 0205 or by e-mail to kfs-amsterdam@kornferry.com Internet Home Page: http//www.kfselection.com

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# REGIONAL TREASURER – EUROPE, EASTERN EUROPE, ASIA

## £2 BILLION TURNOVER INTERNATIONAL INDUSTRIAL GROUP

**LONDON** — **c.£50/55,000 + BONUS + BENEFITS**

- Specialist industrial materials group, operating in some 40 countries, focusing on technology-led industries with high sustainable growth. The majority of operations are based outside the UK, thus 85% of Group profits are earned in foreign currencies.
- Position reports to the Group Treasurer alongside the Regional Treasurer-Americas. Each role is split in roughly equal parts between regional and corporate activities.
- He/she will be responsible for all treasury issues in the region, contributing fully to the monitoring and forecasting of liquidity, funding and foreign exchange requirements, and will be the key point of contact, providing technical advice, identifying key financial risks and developing related strategies.
- Along with the Group Treasurer, he/she will develop the Group's banking strategy, manage global banking relationships, secure funding through renegotiation of committed bank lines, investigate capital markets opportunities and assist in the issue of any relevant debt instruments.
- Graduate ACA and/or MBA, preferably ACT/MCT qualified, with thorough treasury operations experience gained in a sophisticated international group. Well developed presentation skills, flexibility of approach and an outgoing, lively personality are at least as important as length of experience.
- This is a challenging role for a young, ambitious candidate who can handle a considerable degree of autonomy and high profile involvement in the business. He/she will be required to travel.

Please apply in writing quoting reference 1620
with full career and salary details to:
Nigel Bates
Whitehead Selection
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043. Fax: 0171 290 2138
www.whiteheadselection.co.uk

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# UK Financial Controller

*City law firm opportunity*

**Based London** **c £50,000 + Benefits**

Our client is a specialist international firm, with a worldwide reputation for excellence. Firmly established in the Top 50, the firm is well resourced, successful and seeks to strengthen its commercial management team with a high calibre appointment.

Reporting to the Director of Finance and Administration the role will take responsibility for the following key areas:

- Management and development of a large, established team of experienced staff.
- Production of UK financial and management accounts, cashflows, budgets, long-term planning and liaison with external advisors.
- Review of current work methodologies and development of procedures and practices in partnership with the Information Technology department.
- Development and improvement of the quality of financial information regarding income, costs, profit, working capital and cash management reporting.

This challenging role will prove an exciting opportunity for candidates who combine a formal accountancy qualification with a demonstrable record of practical success and problem solving. The successful candidate is likely to be in his or her 30's, with proven staff management skills, experience within a professional services environment and the ability to build a rapport with the partners.

Interested applicants should apply in writing to Guy Stacey at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN or fax 0171 831 2612 e-mail: guystacey@michaelpage.com Please quote reference 275005.

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DILLONS HMV WATERSTONE'S

# Group Accountant

*Exciting new music and book retailing venture*

**Thames Valley** **Package c £35-40,000 + Car**

HMV Media Group plc has just completed the acquisition of HMV, Waterstone's and Dillons. The Group operates 450 stores in nine countries generating sales of over £1 billion with plans for further expansion in the UK and internationally.

The Group Accountant is a key member of the small dynamic group finance team and responsibilities include:

- Reporting and analysis of consolidated worldwide results.
- Development of group management reporting systems.
- Production of statutory group accounts.
- Ad-hoc projects with the senior finance team.

The successful candidate will be a qualified accountant with up to two years PQE obtained in a blue-chip or 'Big 6' environment. You will require good communication skills given the extensive liaison with the Group's businesses. You will be a committed team player who is keen to take on responsibility and develop further as there is a proven track record of career development within the organisation.

Please apply with full CV to Angela Webb at Michael Page Finance 40-42 High Street, Maidenhead, Berkshire SL6 1QE. Telephone 01628 771604 or fax 01628 785495 e-mail: angelawebb@michaelpage.com Please quote reference 410117.

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# Financial Controller

**Milan** **£40,000 + Car + Bonus + Relocation**

Our client is a major international technology company. With worldwide operations and a global turnover well in excess of £700 million, the company has grown by offering customers security, integrity, innovation and expertise. In order to extend its geographical coverage, negotiations are currently being completed for the acquisition of an Italian business based in Milan. This has created the need to recruit a Financial Controller who will report to the European Managing Director and work closely with a small team in assisting the new business to integrate into the Group.

Key responsibilities will include:

- Liaison with the divisional Head Office in the UK and other divisional units to ensure that the benefits of the acquisition are realised.
- Introduction of an appropriate financial management information system to ensure that product profitabilities and manufacturing efficiencies are measured.
- Preparation of a budget, based on the expectations for the future of the business, in the format required by the group.

The successful candidate will be a graduate calibre qualified Accountant, probably with 2-4 years post qualified experience. Candidates who have had experience of manufacturing and/or costing environments would be of particular interest.

Fluent Italian will be essential as will be proven experience of liaising with senior management.

Well developed interpersonal skills, along with the ability to communicate with and influence others at all levels in the Group will be required.

In addition, high levels of initiative and commercial awareness will be necessary to pursue a successful career in this exciting organisation.

Interested candidates should forward a comprehensive curriculum vitae, including details of current salary and daytime telephone number to Wayne Mason at Michael Page International, 33 Blagrave Street, Reading, Berkshire RG1 1PW. Fax 01189 9561657 or e-mail: waynemason@michaelpage.com Please quote reference 411472.

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# Financial Controller

**Hemel Hempstead** **c £50,000 + Car + Share Options + Bonus**

Our client is an entrepreneurial and high profile Plc operating in Europe, the Far East and North America. A market leader in many of the areas in which it operates, the business is poised to grow substantially through acquisition and partnership agreements.

With a current turnover of £130 million, impressive recent success and a future strategy of becoming a leading systems and service provider worldwide, the company is well placed to achieve its substantial growth plan.

Reporting directly to the Finance Director, a newly created opportunity has arisen for an outstanding professional to join the management team and take responsibility for all the financial accounting aspects of the UK entity.

Aged between 30 and 40, you are a results orientated qualified Accountant with a track record of proactivity. An accomplished man-manager, you combine commercial acumen and technical accounting skills with a keen interest in IT.

Interested candidates should forward a comprehensive CV including details of their current remuneration, quoting reference 412836 to Joe McShane at Michael Page Finance, Centurion House, 136-142 London Road, St Albans, Herts AL1 1SA, fax: 01727 841616 or e-mail: joemcshane@michaelpage.com

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# Senior Financial Analyst

**Middlesex** **c £45,000 + Bonus + Benefits**

With a market capitalisation of $2.4 billion, our client is a leading independent developer, owner and operator of telecommunications companies in both established and emerging markets throughout Europe.

The company has experienced significant organic growth and has seen revenues nearly double in 1997. With further expansion planned, they now seek an experienced Financial Analyst to play an important role in assisting in this impressive growth.

Reporting and assisting the Director of Finance, key responsibilities will include:

- Supporting due diligence efforts related to acquisitions or divestments.
- Providing project management capability for short term field projects.
- Co-ordinating the field finance systems implementation and IT support functions.
- Assisting in the implementation of the operational finance strategy.

The role will involve some 30% travel to the European subsidiaries.

The ideal candidate will be a European qualified accountant or equivalent with at least two years experience consulting to, or gained in a telecommunications environment.

Additionally, the right person will have strong analysis experience and well developed systems applications skills. Probably with a second language, he or she will possess tenacity of character, speed and flexibility of mind and the drive and determination to succeed in this dynamic and progressive environment.

If this profile fits you, then please send your curriculum vitae to Jake Olds at Michael Page Finance, Europa House, Church Street, Old Isleworth, Middlesex TW7 6DA, fax 0181 847 5703 or e-mail: jakeolds@michaelpage.com quoting ref 367180.

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# Financial Director

**Cheshire** **c £40,000 + Car Allow + Bonus**

Our client is a rapidly expanding, highly acquisitive media business. In response to the expansion of its European operations, an exciting new role has been created for a bright, outstanding qualified accountant to support the UK team and to meet and exceed its ambitious business objectives. This is a great challenge for the right person.

The business wishes to appoint a Financial Director to join a dynamic management team with the aim of increasing the commercial input into strategic decisions and to maintain and where necessary, improve the strength of financial control to see the business through the next stage of expansion.

He/she will also need to review the finance function to ensure that it has the appropriate skill set to meet the requirements of the business into the millenium.

The successful candidate will be a qualified accountant with a track record of successful financial control, where he/she has really made a difference.

Experience of staff management would be an advantage. He/she should be proactive and have excellent communication skills.

Interested candidates should send their curriculum vitae with details of salary and package to David Gunning ACA, Regional Manager, Michael Page Finance, 81 Mosley Street, Manchester M2 3LQ or fax 0161 236 6961 e-mail: davidgunning@michaelpage.com Please quote reference 412677.

Michael Page
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# Financial Controller

**London** **c £50,000 + Package**

Our client is an acquisitive, international engineering Plc with manufacturing and sales operations in over 70 countries. Following several major acquisitions over the past few years, the company is now focusing on growing its core businesses, whilst disposing of others. The company has annual sales of over £1 billion and an impressive record of profit growth.

Following internal promotion to Divisional Finance Director, the company is seeking to strengthen the Controller function which forms part of a small Head Office. The Controller function is responsible for critically reviewing commercial and financial plans and performance within operating units, assisting with the progressive development of financial management policies and disciplines, assessing and recommending investment and acquisition plans and monitoring and appraising operational risks.

The successful candidate will be a bright dynamic qualified accountant who has the intellectual ability and commercial acumen to add value at a senior level. The role is likely to appeal to candidates either still in the profession with business focused post qualified experience or to candidates already in industry who may be frustrated by the lack of influence they have in their current role.

Interested applicants should send an up-to-date curriculum vitae including daytime telephone number to Mike Deane at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN. Please quote reference 411959. Fax 0171 831 2612. e-mail: mikedeane@michaelpage.com

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# MAIN BOARD FINANCE DIRECTOR

Leisure Sector

*Stanley Leisure* plc **Six Figure Package**

With an established national network of outlets, our client is already a major force in the UK leisure industry. Fully listed, with a turnover in excess of £400 million, the Group has generated substantial recent growth both organically and by acquisition. The market offers significant potential not only for the Group's existing businesses, but also for complementary activities. Following the promotion of the current incumbent, the Board have decided to add to their financial management strength by the appointment of an experienced and commercial Finance Director.

**THE POSITION**

- An outstanding opportunity for career development at main Board level in a highly successful Group which is well positioned for future growth.
- A key appointment in the advancement of the Group, covering issues ranging from maximising operational efficiencies through to working closely with colleagues on acquisitions and subsequent integration.
- Responsible for regular representation of the Group to its City contacts, bankers and other professional advisors.
- Reports to the Chief Executive and carries the full scope of Plc responsibilities, leading and developing talented established teams in finance and IT.

**QUALIFICATIONS**

- Qualified Accountant, preferably aged late 30's to early 40's.
- Energetic, self reliant and commercially mature finance professional with exceptional interpersonal and communication skills.
- Plc experienced, ideally from a multi-site retail or similar sector in which customer service is of paramount importance.
- Adaptable, ambitious and able to thrive in a demanding, professional but informal culture which encourages open communication at all levels.
- Responsive to a consumer focused business in which people, both customers and staff, are given the highest priority.

Interested candidates should write, enclosing full career and current salary details to the advising consultants, Richard Wilson or Robert Berkeley, Consumer Division, at Questor International, 3 Burlington Gardens, London W1X 1LE. Please quote reference 2406. Telephone 0171 292 8300. Fax 0171 287 5457. E-mail: gail@questorint.com

QI
QUESTOR INTERNATIONAL

ALWAYS Coca-Cola

# FINANCE DIRECTOR

Cairo

c.£70,000 (net)

+ Car + Bonus + Stock Options + Full Expatriate Package

### THE GROUP

Coca-Cola needs no introduction: the most powerful global brand, its products bought by more than half of the world's population, constantly delivering outstanding value for its shareholders. Having gained leadership in the Egyptian market, Coca-Cola now seeks to strengthen and consolidate its bottling operations in the region.

### THE OPPORTUNITY

Critical to the success of Coca-Cola's ambitious plans for the region is the appointment to the Egyptian bottler of a dynamic and talented Finance Director, able to meet challenges head-on and drive through successful change. Reporting to the General Manager you will head a finance function consisting of 500 staff operating across 14 sites managing Financial Control, Treasury, Budgetary Control, Tax, Regulatory Reporting and Government Liaison as well as Management Information Systems. This is an exceptionally high-profile role and you must be able to make an immediate impact on the department and success will ensure unrivalled career opportunities within Coca-Cola internationally.

### THE CANDIDATE

The successful candidate will hold an appropriate qualification in Accounting and Finance (or an MBA) and have between five and ten years senior financial management experience ideally gained within an international environment, in fast growing and highly competitive markets. The salary and benefits package reflects the importance of this position to the company's plans and the prospects for international career development anywhere in Coca-Cola are outstanding.

Interested candidates should send their CV together with details of their current salary, work and home telephone numbers to Jeff Price at ABPM, 9 Bailey Lane, Sheffield S1 4EG. Tel: 0114-278 0011, Fax: 0114-273 8384. E-Mail: cc30fx@abpm.co.uk
Please quote reference - cc30fx

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ABRAHAM • BEASLEY • PRICE • MORGAN
FINANCIAL • RECRUITMENT • SPECIALISTS

OFFICES AT BIRMINGHAM, LEEDS, MANCHESTER, NOTTINGHAM AND SHEFFIELD

# FINANCIAL CONTROLLER EUROPE

LUXEMBOURG — Excellent negotiable salary + car

*The company offers a range of products and services to the hydrocarbon sector and other process industries. It is part of a major, international, acquisitive conglomerate with interests ranging from energy and chemicals to agriculture and services.*

The Financial Controller Europe will be a key player in the European management team and will take a leading role both in the evaluation and development of current systems and the creation and implementation of value added new ones with a view to improving overall operational efficiency while increasing profitability and long-term growth.

Responsibilities include:

- Motivation and co-ordination of a professional, international team
- Financial planning, reporting and forecasting
- Advice and application of best practices in the different European countries concerned
- Evaluation and analysis of new business ventures and appropriate re-organisation of existing ones
- Advice on European statutory and fiscal matters

Candidates should have at least eight years' experience, and a successful international track record in a manufacturing environment is essential.

Management by example and the ability to instil a high degree of enthusiasm within the team and the organisation are essential qualities. Fluency in English and French is required while German is desirable.

Career prospects internationally within the Group are excellent.

*Please send full personal and career details including contact telephone number and quoting reference FCE/398 to:*

*CAREER, 7 Rue Ampère, 75017 Paris, France.*

*Or telephone:*

*Malcolm Coates on 331 42 27 75 85.*
*Fax: 331 47 66 87 41.*

Being Recognised As An Individual Is The First Step Towards Making A Difference

# Major Roles In Finance

## Newbury, Berkshire

People and concepts that change the world share one quality. They begin by standing out from the crowd; eventually they lead it. Take Micro Focus for example.

Many promise solutions, but at Micro Focus we really deliver advantage with practical, cost-effective responses to the tough problems facing businesses. These include industry leading achievements in enterprise legacy re-organisation, distributed computing and Millenium prognosis many of which have been adopted internationally.

With our profits and share prices rising globally, we can invest even more in our people, in particular the Finance Department which is growing in response to our future plans. Each role will offer exceptional scope for professional and personal development.

## Group Taxation Accountant — Up to £50K

Working as part of a team, your impact will be strongly felt throughout the organisation. Your main focus will be to monitor and develop our global tax effectiveness. You will guide strategic tax decisions, including those relating to acquisitions, ensuring compliance throughout the Group. In this hands-on role, you will liaise closely, not only with the company's finance staff around the world, but also with our legal department and external advisers. In short you will have a key role to play in the direction of the financial structure of Micro Focus.

For such a position you will be a Chartered Accountant with extensive experience in UK and international tax compliance, you will have made considerable career progression over several years with an international enterprise, developed a tax specialism and now actively seek wider responsibility and variety.

## International Project Accountant/ Financial Analyst — Up to £40K

This role calls for a deep commitment to adding value to the finance function. Day-to-day, this will range from monitoring FX exposure to process improvement, financial analysis to ad-hoc work on international projects which will involve some overseas travel. Such diversity calls for an effective well-rounded accountant ready for immersion in this demanding role.

Your responsibility will be supported by authority, so you must be a qualified accountant with at least 1-2 years' PQE, knowledge of US and UK GAAP, and invaluable experience in Excel and Lotus 123. An interest in Treasury would prove advantageous.

Both roles call for flexible self-starters with excellent interpersonal and communication skills.

At Micro Focus we specialise in real advantage, with your help, we can go even further and can offer you the chance to really make a difference within the finance function.

**Are you ready to expand your influence? Then discover more about these key roles and the outstanding rewards – (including re-location assistance where appropriate), benefits and prospects that go with them.**

**Please send your CV to: Alex Bowyer, Micro Focus Limited, The Lawn, 22-30 Old Bath Road, Newbury, Berkshire RG14 1QN. Alternatively apply on-line via The Monster Board http://www.monster.co.uk**

**You can find out more about Micro Focus on our web page at: http://www.microfocus.com**

MICRO FOCUS
*Micro Focus is an equal opportunities employer*

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**appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.**

**For information on advertising in this section please call Keeley Pope on 0171 873 4006**

Financial Times

# PLANNING ANALYST

**Use your strong analytical creativity within a highly influential HR position**

**London — up to £40,000 + car + benefits**

*Our client is one of the world's most respected and influential technology corporations: they have pioneered many of the banking, retail, computing and communications technologies taken for granted today. With a turnover in excess of £4.1bn and some 38,500 staff in 130 countries, the company is continuing to grow and develop into new markets. The success of the organisation has been driven by appointing, retaining and developing high quality individuals globally: central to this has been the vital role played by Human Resources.*

*You will build efficient data reporting and analysis models to allow management to review staffing levels and make informed decisions with regard to key business resourcing requirements. Reporting to the VP, Human Resources, you will be required to gather and assimilate management information in order to create both logical and innovative reports. This will require utilising a HRIS framework and tools to allow the business to continually evaluate its ongoing resourcing strategy.*

*To succeed in this high profile role, you will be of graduate calibre with excellent statistical analysis skills. Your background may have been within financial analysis or a HR position with a strong resource planning bias. You will have a keen eye for detail coupled with the capacity to breathe life into numerical reports. Fundamental to your success will be your ability to work both independently and in a team environment. This is a highly customer service driven position where you will have to continually forge a network of contacts globally. You will be computer literate, ideally with knowledge of Peoplesoft and Excel.*

*Contribute to our client's continued growth and you'll be rewarded with outstanding career opportunities, these could be towards a mainstream Human Resources position.*

*Interested applicants should send their CV, stating current remuneration to Ross Barnard at Nicholson International (Search and Selection Consultants), Bracton House, 34-36 High Holborn, London, WC1V 6AS. Please quote ref no UKR 449. Alternatively, fax your details on 0171 404 8128 or email ross@nicholsonintl.com*

NICHOLSON INTERNATIONAL UK

Australia Belgium Brazil China Czech Republic France Germany Holland Hong Kong Hungary India Israel Italy Poland Portugal Romania Russia Singapore Spain Sweden Turkey UAE

Scope (formerly The Spastics Society) is the UK's largest charity working with disabled people. We exist to enable men, women and children with cerebral palsy and associated disabilities to claim their rights, lead full and rewarding lives and play a full part in society.

# FINANCIAL LEADERSHIP – ONE OF OUR GREATEST STRENGTHS

## Director Of Finance & Management Services

**London**

**£57k pa (reviewed every October) plus lease car and pension**

With a turnover of nearly £90m, 4,000 staff and a range of business activities, Scope exists to fulfil the needs and aspirations of people with cerebral palsy, their families and carers. Following a review, we have begun to implement a strategic programme to maintain and develop our position as a vibrant organisation. In just two years we have achieved significant financial improvement and implemented a new management structure to improve our provision.

Our Finance & Management Services Division – based at our new and accessible head office in Islington (off Caledonian Road) – deals with finance, property and facilities, central purchasing and IT functions. After an extremely successful period, our temporary Director is moving on, and we now want to build on our improved position through continued sound financial management and firm strategic leadership.

A qualified accountant (ICA, CIMA, ACCA or CIPFA), with at least five years' senior management experience and experience of realising corporate strategy, your financial expertise and communication skills are of the highest order. You also have that rare ability both to analyse financial management information and to communicate clearly and frankly to a range of audiences that include volunteers, disabled people and managers at all levels.

Key to your role will be the provision of financial leadership and support to our voluntary Executive Council (Trustees), Operational Managers and, as we develop our IT and purchasing strategy during the next year, the heads of these functions. You'll need to travel, on occasion, to our services across England and Wales and attend several weekend meetings each year. It'll be rewarding – but demanding – so you should have a genuine desire to enhance, value and develop the contribution of staff and volunteers across the organisation.

Applications are particularly welcome from disabled candidates. If you require reasonable adjustment to enable you to carry out this role, you will receive full consideration and support.

For an information pack (our application form can be made available on disk for disabled applicants), contact: Scope, 6 Market Road, London N7 9PW, Telephone 0171 619 7182 or fax 0171 619 7399.

No CVs please.

Closing date for return of completed applications: 27th April 1998.

First interviews: 18th May 1998.

Assessment centre for shortlisted applicants: 23rd May 1998.

SCOPE
FOR PEOPLE WITH CEREBRAL PALSY

*We are committed to equal opportunities.*

Charity No. 208231.

The Savola Company

# Divisional Financial Controllers

Jeddah, Saudi Arabia — £Excellent Package (Tax Free)

Our Client, The Savola Company, is ranked among the top 25 publicly quoted companies in Saudi Arabia and is one of the most respected, successful and fastest growing food businesses in the Middle East. Now a multi-national group they enjoy a turnover in excess of £300 million, and their products are exported to a growing list of countries in Africa, Asia, Eastern Europe and the former Soviet Union, as well as the USA and Australia. Their vision for the future is one of continued programmed growth, both organic and through acquisition and developing new market opportunities world-wide.

As a result of this vision, the need has arisen for the Group to recruit additional suitably qualified Financial Controllers. Based in Jeddah, a thriving commercial, industrial and tourist centre with exceptional recreational facilities and health centres, these key roles call for individuals who have the ability to form good working relationships, and in particular, support and advise the Divisional Managing Directors.

Candidates will be Qualified and ideally have experience in a manufacturing/production environment, will feel comfortable controlling all financial matters and playing a major role in the formulation of the organisational strategy. Preferably aged 33-40, it is expected that candidates will have a proven track record in a well structured environment, and if possible, exposure to a multi-cultural workforce.

An excellent remuneration package is offered. This includes married status, tax free salary, non contractual annual bonus, accommodation, medical insurance, company car, relocation expenses, generous vacation flights, assistance with schooling etc.

Having successfully recruited for The Savola Company on a number of occasions, we can testify that they are an employee orientated company and their reputation makes them one of the most respected employers in the Middle East.

Applications in writing quoting Ref FC/FT/019 should be sent to: The Company's UK Recruitment Advisors.

INTERNATIONAL aaa ACCOUNTING DIVISION

AAA, 461 Union Street, Aberdeen AB11 6DB. Tel: 01224 211211, Fax: 01224 211411, E-Mail: info@aaa.uk.com

**Interviews will be held in London, Scotland and Ireland.**

Leisure Sector

# MULTI-LINGUAL ACCOUNTANT

Spain

£Negotiable

Accountant with up to three years post qualification experience required by fast expanding leisure business with headquarters in Ibiza and branch offices at other locations in Europe.

The successful candidate will work at headquarters as part of a team including a number of English-speaking staff.

A good working knowledge of Spanish is required and French is desirable. Two year contract available.

Salary and conditions negotiable with excellent promotion prospects for the right person.

*Please write enclosing full CV and details of current salary to Box A6106, Financial Times, One Southwark Bridge, London SE1 9HL*

*All applications to be in by Friday 17th April*

**Appointments Advertising**

**appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.**

**For information on advertising in this section please call Mark Williams on 0171 873 4027**

Financial Times

MINORCO

## Internal Audit Manager/Assistant Internal Audit Manager

Package: c. £50,000+ — London

Minorco is a major international natural resources group with interests in mining, industrial minerals, paper and packaging and agribusiness. Currently based mainly in North and South America, Europe and the Far East it has around 21,000 employees and a turnover of some US$6 billion per annum.

Due to internal promotion, we are seeking an experienced auditor to join the international audit team. The successful applicant will assist the Minorco Chief Internal Auditor in the effective implementation of internal audit programmes. He/she will be responsible for planning and carrying out internal audits within our mining and mineral companies in North America and Europe.

In addition to ACA, ACMA or ACCA, you should have at least five years' post qualification experience, together with a strong audit background preferably gained within the internal audit function of a large multi-national company or a "Big 6" firm. Line accounting or project accounting expertise would be advantageous. Knowledge of accounting practices relating to extractive industries is also important togther with a thorough grasp of internal control principles.

An articulate and highly capable communicator, you must have the personal presence to influence people at all levels of seniority within the organisation. A knowledge of German and/or Spanish is desirable. The high level of travel required within North America and Europe will be attractive to the right candidate.

**Please write in confidence, with full career details, to Maurice D Harapiak, Manpower Officer, Minorco Services (UK) Ltd., 40 Holborn Viaduct, London EC1N 2PQ.**

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# IT Appointments



هكذا من الأصل